PRODUCT GOVERNANCE FRAMEWORK AND TARGET MARKET DETERMINATION POLICY

DOO FINANCIAL AUSTRALIA LIMITED

16th October 2025

1. OVERVIEW

1.1 Purpose

This product governance framework provides guidance on **Doo Financial Australia Limited,** ABN **50 100 139 820** (**DFAL, we, us** or **our**) systems, processes, procedures and arrangements in place to help ensure that it complies with its design and distribution obligations, introduced under the *Treasury Laws Amendment (Design and Distribution Obligations and Product Intervention Powers) Act 2019* (**DDO**). This framework will outline DFAL's obligations and will discuss the operational necessities and practical implications of implementing the DDO.

These obligations provide a legislative framework to develop and maintain effective product governance across the lifecycle of financial products, and will go some way towards addressing the compliance issues identified by the Financial System Inquiry and the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry.

1.2 Introduction

DFAL is regulated by the Australian Securities and Investments Commission (**ASIC**) and holder of Australian financial services licence (**AFSL**) number **222650.**

Under its AFSL, DFAL is authorised to provide advisory, dealing, and market making services for foreign exchange contacts and derivatives to both retail and wholesale clients. It is also authorised to offer over-the-counter derivative products to both retail and wholesale clients. These financial products do not fall under the category of financial products for which a statutory exemption exists, and therefore the design and distribution obligations will apply to all financial products DFAL has authorisations for (**the Products**).

DFAL's commitment to this framework and the design and distribution obligation regime is reflected through the provision of adequate resources to implement all documented system, processes, procedures, and arrangements. Furthermore, all relevant personnel, including senior management, will be updated on the new requirements imposed under this regime.

This framework is compulsory in its application and the Directors will have ultimate responsibility and authority to implement the framework and monitor its implementation in the everyday activities of the company. All systems, processes, procedures, and arrangements will be reviewed and monitored to ensure they are current and effective.

1.3 Amendments

This framework can only be amended with the approval of the Board of Directors, with appropriate input from external compliance consultants.

2. DFAL'S APPROACH

2.1 Corporate Values

As the holder of an AFS licence, DFAL has a statutory and ethical responsibility to ensure that it complies with all legislative and regulatory requirements on a continuous basis. These responsibilities apply irrespective of the effect that non-compliance may have on DFAL's ability to achieve its objectives.

2.2 Consumer-Centric Approach

DFAL aims to maximise its ability to meet its corporate business objectives, whilst acting consistently with the statutory obligations and ethical values. To this end, DFAL has adopted this Product Governance Framework to ensure that its financial products are both designed and distributed in accordance with the *Treasury Laws Amendment (Design and Distribution Obligations and Product Intervention Powers) Act 2019.* This introduced new requirements in respect of the following activities:

- Product Design;
- Product Distribution;
- Information sharing between issuers and distributors; and
- Outcomes monitoring.

DFAL's approach requires considering these new requirements together with its existing procedures and processes to determine how it will best comply with these new statutory requirements. The objective is to eliminate existing processes which fail to meet this new standard and to develop new procedures and processes that will allow DFAL to tailor its financial products to best suit target client's objectives, financial needs, and wants.

2.3 DFAL as a product issuer and distributor

DFAL acknowledges that it falls under the definition of a 'product issuer' and a 'product distributor' and is therefore required to meet both sets of obligations. The procedures and processes used by DFAL to meet all relevant obligations are outlined in the Appendixes below.

3. ADOPTION

This framework was adopted by DFAL on 14th December 2024.

APPENDIX I – Target Market Determination

Intended Outcome	Compliance Source	Procedures used	Monitoring Responsibility
Identifying and defining the target market	s912A s944B RG 274	Provide a description of the process used by the Licensee to determine the Target Market for CFDs and the data used to define the Target Market, including (1) the relevant factors (client risk appetite, knowledge, experience, objectives); and (2) description of the data sources and methodologies used in the process	Board of Directors Responsible Managers
Document and describe the class of retail clients that comprise the target market in order to make a target market determination	s 994B(5)(a)-(b)	DFAL utilises a combination of procedures to help it identify an appropriate target market determination. However, DFAL will conduct a target market determination prior to onboarding any clients and issuing this questionnaire. DFAL maintains and applies a written policy which sets out the minimum criteria that retail clients will need to demonstrate before they can open a trading account. All assessments of clients are recorded. Part of this policy will require clients to answer the suitability questionnaire in our trading account application form which addresses the following criteria: • Previous trading experience in financial products including securities, derivatives and digital assets/cryptocurrencies; • Understanding of leverage, margins and volatility; • Understanding of key features of DFAL's products • Understanding of the nature of CFDs, options, futures and leveraged tokens, including that these products do not provide investors with interests or rights in the underlying asset over which a position is taken; • Understanding the trading process and relevant technology; and	Board of Directors Responsible Managers

		• Preparedness and ability to monitor and manage the risks of trading; Where a client is unable to successfully answer these questions, they are unable to open a trading account with DFAL for a designated period of time. Such clients are offered educational assistance, in the event that they would like to retake the questionnaire. DFAL also acknowledges ASIC's view that assessing client understanding of and experience with products is insufficient for the purposes of making a target market determination, and therefore considers the following additional factors to be relevant when making its target market determination: • Whether a key attribute of the Products would likely be consistent with the likely objectives, financial situation and needs of a hypothetical customer/class of customers in a given target market; • The possible objectives and uses of the relevant financial products; • The complexity of the financial products offered by DFAL; • The risk profile of the financial products over its lifetime; • Applicable product fees; and • The class of retail clients for which its financial products are not suitable for. Where a client's objective, financial situation, needs or understanding does not align with the above requirements, DFAL deems them as falling outside the class of retail clients that comprise its target market and therefore regarded as unsuitable. DFAL considers that the objectives, financial situations, needs and understanding of a customer/class of customers are interrelated and will consider each of these in their totality whilst making a target market determination.	

		Once DFAL has conducted these activities, it will produce a target market determination that outlines the following: • The class of customer that comprises DFAL's target market; • Any product conditions and restrictions on distribution of DFAL's financial products; • The review triggers that reasonably indicate that the target market determination is no longer appropriate; • The date with which the first target market determination review must occur; • The frequency of target market determination reviews; • The reporting period for internally reporting information about the number of complaints made regarding the product; and • The information that needs to be internally recorded and reported to ensure that DFAL has all relevant information in deciding whether the target market determination needs to be reviewed. The target market determination must be made prior to any distribution of financial product. Any target market determination made will be available to the public free of charge.	
Specify any conditions or restrictions on retail product distribution conduct	s912A s994B(5)(c)	DFAL acknowledges that the design and distribution obligations firmly position the target market at the front and centre of any distribution channels and strategy it may take. DFAL will impose appropriate conditions and restrictions on the distribution of its financial products in order to ensure that its financial products are directed to its intended target market. Given the high levels of risk associated with its financial products, DFAL will impose specific conditions and restrictions that help minimise the risk of its financial products being distributed to a client outside its target market. This includes: • Product distribution to occur only after DFAL has documented and described its target market determination; • Product distribution to occur only after clients have successfully passed all client qualification procedures;	Board of Directors Responsible Managers

		• Targeted advertising; • Disclaimers that outline its financial products may not be suitable for all investors; and • Disclaimers highlighting the risk of trading in DFAL's products. DFAL predominantly undertakes online advertising and accepts the short nature of these adverts increases the likelihood of clients being mislead or deceived. To address this, DFAL will ensure the content of all online advertising makes sufficiently clear that DFAL's products are of limited suitability. DFAL will also not undertake mass advertising to limit the chance of an unsuitable client being targeted. As the issuer and distributor of its own products, DFAL maintains full control over the distribution of its financial products. Supervision of the distribution of its financial products begins with the Responsible Managers who oversee the conduct of staff as they perform their day-to-day activities. In no circumstances will any staff of DFAL distribute its financial product to a client who is suspected of providing false information or fraudulently completing the DFAL client qualification procedures. Where such suspicion arises, the matter will be escalated to senior management of DFAL, who reserve the right to refuse a client's application. DFAL should describe the training and ongoing support for staff and distribution partners to ensure they understand and comply with the promotional guidelines and restrictions. Where the target market determination is no longer deemed appropriate, DFAL's management will communicate to all staff to immediately stop distribution of its financial product, until an appropriate target market determination is made. Under no circumstances will DFAL permit the distribution of its financial products to clients who fall within an inappropriate target market determination.	

		DFAL should provide examples of restrictions or case studies to illustrate this to ASIC.	
Specify any review triggers	s 994B(5)(d); s912A	DFAL acknowledges that a crucial part of its target market determination is specifying review triggers, which are events and circumstances that would reasonably suggest that the target market determination is no longer appropriate. In determining its review triggers, DFAL acknowledges that they are largely dependent on its financial products, their features, and DFAL's target market. DFAL considers the following to be material considerations in identifying its review triggers: • Any event or circumstance that would materially change a factor taken into account when making its target market determination; • Whether the financial products are being distributed and acquired as envisaged by its target market determination; and • The nature and extent of any feedback received from those who distribute and acquire DFAL's financial products. • There are adverse findings from an external auditor or independent review in relation to the products; • DFAL becomes aware of significant dealings of the Products outside the Target Market. • The frequency of complaints from clients relating to the suitability of the Products within a period of time. In addition, DFAL specifies a strict percentage threshold of clients who fall outside the Target Market that triggers a review: [%]. DFAL should explain the rationale behind selecting that specific percentage, which may include factors such as: - The risk of the CFD products offered and their potential impact on clients outside the Target Market.	Board of Directors Responsible Managers

		- The size and diversity of the Target Market, which may influence the acceptable proportion of clients outside the Target Market before a review is triggered. - Historical trends and patterns observed in the client base, which could inform the threshold based on past experiences and lessons learned. - Regulatory guidance or industry best practices that have informed the selection of the percentage threshold. - The firm's overall risk management approach. Furthermore, DFAL relies on its data collection to help it effectively review a target market determination for appropriateness. The data plays a key role in the identification of potential trends or issues that have a material impact on its target market determination. Relevant data includes, but is not limited to: • The poor performance of financial products relative to original targets; • Any material increase in the volume of losses suffered by clients; • An increase in poor client feedback; • An increase in the number of client complaints; • The nature and outcome of client complaints; • Complaint trends; • A significant increase in fund outflows; • A decrease in new clients; • A decrease in logins by clients with active trades; • An increase in non-compliance with the maintenance margin requirement; • An increase in liquidation of accounts; and • A decrease in client transaction volume.	

Specify the maximum period of time from the start of the determination to when the first review must be completed	s 994B(5)(e)-(f)	In addition to having an appropriate target market determination and review triggers, DFAL acknowledges that it is obliged to review its target market determination on a periodic basis. In determining the frequency of this review, DFAL has considered the potential risk to consumers if its target market determination was no longer appropriate, and the need to stop distributing its financial products should this occur. Given the high-risk nature of its financial products and the potential harm such products might cause to unsuitable clients, DFAL accepts it may be more appropriate for its target market determination to be reviewed on a more frequent basis. Therefore, DFAL will review its target market determination on an annual basis after the first review, with reviews being undertaken as needed from time to time. Where a review of the target market determination occurs, DFAL will take into account all available information on its financial products from multiple sources. This includes: • Client transaction data; • Product performance and variance; • Client feedback; • Client complaints and its outcomes; • Complaint trends; • Findings from an external audit or independent review; and • Significant dealings outside the Target Market All reviews undertaken will also consider the objectives of the design and distribution regime, including the need to minimise the risk of financial products being sold to clients outside DFAL's target market determination.	Board of Directors Responsible Managers
Specify the reporting period for reporting information regarding complaints	s994B(5)(g) and s 994F(4)	DFAL acknowledges that it is obliged to specify in the target market determination the reporting period in relation to the number of complaints about the financial product.	Complaints Officer

		Given the nature of DFAL's financial products, where clients are at risk of losing large sums of money due to margin calls, DFAL views the number of complaints to be a useful indicator that the target market determination is either: • Not being complied with; or • No longer appropriate As such, DFAL has deemed a shorter reporting period to be appropriate after taking a reasonable view of the risk of detriment to clients if its target market determination is no longer appropriate, and the need to stop distributing the financial product should occur. A reporting period of two (2) months has been set for the number of IDR and EDR complaints received in relation to the Products.	
Specify the kinds of information needed to enable DFAL to identify whether a review trigger or another event that suggests the target market determination is no longer appropriate, has occurred	s 994B(h)	DFAL acknowledges and specifies what information is required to identify whether a target market determination is no longer appropriate will vary from product to product and may need to be reviewed over time. Regardless of what information is required, DFAL will ensure that all information is collected from credible and reliable data sources, adhere to relevant privacy laws, ethical and data codes, and consider whether the information will assist it in meeting its review obligations. The following is a non-exhaustive list of information that DFAL views as relevant to identifying whether its target market determination should be reviewed or may no longer be appropriate: • Complaints data • Feedback from clients • Client transaction volume • Conversion rates • Percentage of clients signing up who are not in the target market • Requests for additional information from clients • Client deposits • Material changes to its disclosure documents • Legal or regulatory actions in relation to its products • Percentage of clients not monitoring their trades	Board of Directors Responsible Managers

		• Number of accounts liquidating due to non-compliance with the maintenance margin	

APPENDIX II – Product Issuer Obligations

Intended Outcome	Compliance Source	Procedures used	Monitoring Responsibility
To have an appropriate target market determination	s994B s912A	As a product issuer, DFAL acknowledges that the purpose of the target market determination is to ensure that its products are appropriate for the define target market. The target market serves as a reference point for DFAL to comply with its distribution obligations also. DFAL's target market includes the class of clients where DFAL's financial product is likely to be consistent with their likely objectives, financial situation, and needs. DFAL will identify the relevant class of clients based on several common aspects of their objectives, financial situation and needs. For example, this may include: • Their risk tolerance; • Their investment horizon; • Their ability to bear loss; • Their age bracket; and • Their income bracket. In addition, the Issuer should provide: - The type of information they collect from the client, in relation to assessing the client's risk tolerance. - The methods and tools through which the information is collected and verified, such as risk profile questionnaire, a discussion with the client, or other forms of verification such as fact-find and risk profiling tools. DFAL acknowledges that ASIC's position is that a target market should not be predominantly based on consumer understanding of a product. Consumer understanding is only one of the several factors which DFAL considers in determining its appropriate target market.	Responsible Managers

		After making its target market determination, DFAL will critically assess whether its financial products, if offered to a client in that target market, would likely be consistent with their likely objectives, financial situation and needs. This critical assessment requires DFAL to ask a number of questions including: • What purpose do its financial products serve?; • Have the financial products achieved good outcomes for the target market?; • Do the financial products benefit those in the target market?; • What did key data points show were the benefits and risks for clients within the target market?; • Do the financial products include any features that could be viewed as harmful to the target market?; and • Do we need to redesign the financial products to make them more suitable for the target market? DFAL's target market will describe the class of clients at a sufficiently granular level to avoid the inclusion of any classes of consumers for whom the financial product is not likely to be consistent with their likely objectives, financial situation and needs. Additionally, DFAL will also consider the class of clients for which its financial products are not suitable for. For the high-risk products DFAL offers, clients with a low risk tolerance who do not have the ability to bear loss are unsuitable. DFAL understands that this is not a requirement by law, however, considers this practice of identifying a negative target market to be a useful step in identifying what the appropriate target market for its financial products are.	
Arrangements for directing distribution of CFDs to the target market.	s912A RG 274	Provide an outline of the distribution channels used to reach the target market, including online platforms, financial advisers, brokers, or other intermediaries. Provide a process to conduct due diligence and oversight of distribution partners to ensure they understand the target market and adhere to the Issuer's distribution strategy.	Responsible Managers

		Provide a monitoring and reporting mechanisms to track the distribution of CFDs and assess their alignment with the target market. Provide a process for addressing any instances of mis-selling or inappropriate distribution of CFDs outside the target market.	
Ensuring distribution will be consistent with the most recent target market determination	s 994E(1)	DFAL has in place controls that direct the distribution of its financial products to its target market. Part of this has meant DFAL has implemented appropriate systems and processes to effectively manage the risks identified in its distribution arrangements. This includes an alert system, where staff inform senior management of any instances where they believe one of DFAL's financial product has been distributed to an unsuitable investor. In addition to this, senior management will direct staff to cease distributing the product to such clients and accordingly inform the client that they are no longer suitable for DFAL's products. DFAL will adopt a tailored distribution strategy that includes consideration of the following: • Suitable distribution methods; • Class of clients identified in its target market; and • Content of advertisement; DFAL will additionally place emphasis on adequate supervision and monitoring of the distribution of products to its clients. Honest and open communication between client staff and senior management will be prioritised, with all staff educated on the need to ensure distribution is consistent with DFAL's most recent target market determination. Information will be collected and analyses at sufficient intervals to allow DFAL to review its distribution course and to see whether it remains consistent with what was originally planned for the distribution of its financial products given the target market. Any significant deviations are deemed by DFAL to be an indicated that its target market or its distribution strategy may not be appropriate.	Responsible Managers

		Moreover, DFAL accepts that potential conflicts of interest may arise from having remuneration and incentives for the distribution of a financial products. As such, DFAL will not implement any remuneration benefits or incentives it considers would have a material influence on staff behaviours, which could result in distribution being inconsistent with the target market determination. Where a new target market determination occurs, DFAL will immediately communicate this change to all staff and instruct all staff to review whether their current distributions are consistent with this new target market determination. At no stage will staff be permitted to distribute any of DFAL's financial product to a client who falls outside its most recent target market determination. Any staff found to do so will be deemed to have breached their employment agreement and reported to the Responsible Mangers. Disciplinary action will occur as deemed appropriate.	
Arrangement for classification of clients in relation to the target market	s944B s912A RG 274 RG 227	**Appropriateness Test questions coverage:** Clarification on whether DFAL uses the same Appropriateness Test for all products or if there are variations depending on the specific product or client. If there are differences, provide an explanation of the factors that determine the variations in Appropriateness Tests for different clients applying for CFD products.	Responsible Managers
		Disclosure of any 'knock-out' questions used: (1) A list of these 'knock-out' questions, and (2) An explanation of how they help to determine customer eligibility, and to identify and eliminate customers deemed unsuitable for CFD products based on their incompatibility with the target market.	
		Development of the Appropriateness Test:	

		Information on who developed the Appropriateness Test, whether it was created internally by DFAL or with the assistance of external advice. If external advice was used, identification of the external parties involved in the development process.	
		Review of the Appropriateness Test: Design the frequency at which the Appropriateness Test is reviewed and updated. Appoint the individuals or teams within the DFAL's organisation responsible for conducting the reviews, such as the compliance or risk management teams.	
		Assessment of Appropriateness Test effectiveness and pilot testing: An outline of the methods used by the Issuer to assess the effectiveness of the Appropriateness Test in ensuring that CFD products are only offered to suitable clients. Disclosure of any pilot testing conducted to evaluate the Appropriateness Test, including the results and any subsequent modifications made to the test based on these findings.	
		Failure criteria and the consequence of failure for the Appropriateness Test: Design the failure criteria of what constitutes a failure of the Appropriateness Test, including specific pass rates, minimum scores, or other criteria that determine whether a client is deemed unsuitable for the products.	

		Design the actions taken when a client fails the test, such as the option to retake the test, any waiting period between multiple attempts, and the process for addressing inconsistencies between test results.	
		Handling clients who do not pass the Appropriateness Test: Disclosure of any inquiries made into the potential client's trading experience and the type of information obtained. Clarification on whether the Issuer will sell a CFD product to a client who did not pass the test. If the Issuer will still sell a CFD product, provide the rationale for determining that the client is within the Target Market, Maintain a record of these clients who bought CFDs.	
		Data points gathered and retained on clients and potential clients: Maintain a comprehensive list of data points collected and maintained by the Issuer on clients and potential clients, such as: - Age, - Trading experience, - Income, - Risk appetite, and - Other relevant factors.	
		Handling applicants outside the TMD after onboarding: Explanation of the process followed when an applicant is found to be outside the Target Market Determination (TMD) after completing the onboarding process, including: - Any restrictions on product offerings, - Additional support or guidance provided, or	

		- Potential termination of the client account.	
Process and procedures for when a complaints review is triggered	s912A(1)(g) RG 227	DFAL accepts where a review trigger occurs, it will communicate to all staff to stop distributing its financial products until its target market determination is reviewed and adjusted as needed. DFAL also need to provide: - A clearly documented process outlining the steps to be taken when the complaints threshold is reached or exceeded. - Assignment of responsibility for monitoring complaints to a designated individual or team within the Issuer's organisation, such as the compliance or risk management team. - A process for escalating complaints to the appropriate decision-makers for review and potential action, including product or distribution changes or TMD updates. - Timelines for conducting and completing the complaints review, ensuring that any necessary actions are taken promptly. - Reporting mechanisms to communicate the results of the review and any subsequent actions to internal stakeholders, distribution partners, and regulators as required.	Board of Directors Responsible Managers
Breakdown and analysis of complaints received	s912A(1)(g) RG 271	Where a complaint is received, DFAL takes into account all available information on its financial products from multiple sources. This includes: - A detailed summary of the complaints received, including the total number of complaints, the nature of the complaints, and the products involved. - Analysis of complaint trends, such as any patterns or common issues that may indicate potential problems with the product design, distribution strategy, or target market.	Responsible Managers

		- Description of any actions taken by DFAL in response to the complaints, including product modifications, TMD updates, distribution changes, or other remedial measures. Insights gained from the complaints and any adjustments made to the DFAL's internal processes or procedures to prevent similar issues in the future.	
Handling of Significant dealings	RG 274 s994G s1113(1)	Provide a detailed explanation of how to define the term 'Significant Dealing' in the context of DFAL, which may include the following aspects: - Percentage of clients not in the Target Market - Actual or potential harm to consumers, including substantial financial losses. - Inconsistency of distribution with the TMD: Outline to which extent the inconsistency between the distribution of The Issuer's products and the TMD will constitute a significant dealing. - Proportion of gross income or premium: Outline to which extent the proportion of gross income or premium obtained from the Issuer's products in respect of consumers outside the target market is an indication of a significant dealing. - Time period of acquisitions: Outline to which extent the time period during which acquisitions outside the target market will constitute a significant dealing. For example, a condensed time frame with a high number of acquisitions may indicate a significant dealing.	Responsible Managers
		A description of the process in place to monitor Significant Dealings with clients outside the Target Market, including: - Assignment of responsibility for monitoring Significant Dealings to a designated individual or team within the	

		organisation, such as the compliance or risk management team. - Identification process of the triggers for a review, in relation to the above definition. - The frequency at which significant dealings are reviewed and the steps taken during the review process. - Reporting mechanisms to communicate and record the results of the review, and - Any subsequent actions to internal management and regulators as required	
		A description of the process in place for breach handling regarding target market or DDO breaches, including: - Identification: Describe the control measures in place to identify potential breaches, including client monitoring and framework for definitions of related events. - Evaluation: Describe the evaluation mechanism to determine the extent and severity of the breach, including the impact on consumers and any potential harm caused. - Reporting: Describe the reporting process, including internal reporting and regulatory reporting. - Remediation: Describe the framework for selecting appropriate action to remediate any potential adverse effects causing by the breach, including compensation or corrective actions. - Prevention: Describe the internal reviewing process to conclude the insights and prevent future breaches.	

		Provide a description of an action plan to implement and monitor changes based on the review results of the target market/DDO processes, including: - Necessary changes or implementation to be made - Rationale of these proposal, based on the reviewing findings - The required resource - Timeframe of the implementation - Specific goals to be achieved	
		Provide a framework of how to evaluate the measure the proposed implementation and monitor, based on: - Reduction in complaints - Decrease in clients outside the target market - Compliance metrics: number of breaches, number of non-compliance events - Client satisfaction and retention	
Monitoring of client outcomes	s760A(aa) RG 274	Provide the definition of what constitutes a poor client outcome: The definition should be based on: - The type of products being offered - The characteristic of the target market - The expected objectives that are aimed to be achieved, and	Responsible Managers

		- The expected risk associated when the clients from the target market are exposed to the offered products. The poor client outcomes should present that the outcome is inconsistent with their objectives, financial situation, or need. It could as situations, results or behaviours, in which: (1) The expected objectives are not achieved, and (2) The client is exposed an amount of risk that is higher than expected. Example of poor client outcomes may include excessive trading, high leverage, large losses, and any other relevant factors	
		Provide a process to analyse client's trade losses in terms of monitoring client outcomes: The analysis process should be based on: - **Frequency of losses**, including measures to monitor and signify patterns or trends that may demonstrate client losses. The measure should contain mechanism to monitor the frequency of losing trades as well as percentage of losing clients within the client base. - **Value of losses in dollar terms or percentage of each account**: The firm should design controls in place to detect and investigate any large or unexpected losses that may indicate poor client outcomes. - **Time period of losses**: The firm should design controls in place to detect and investigate any significant periods where clients were experienced losing. This could include monitoring	

		the duration of losing trades and the percentage of clients who have sustained losses over a certain time period. In the above three factors, the Issuer should have thresholds in place to trigger further investigation and analysis when these metrics exceed certain limits. - **Distribution channel to acquire the client**: The firm should design controls in place to detect and investigate any potential issues from the distribution channel. This could include monitoring the source of referrals, or the percentage of clients who were acquired through each distribution channel.	
		Provide a clear action plan in place to rectify the poor outcome, this may include: - **Client review and disclosure**: The firm should have a plan to review the client's financial position and objectives to make sure that they are suitable with the products being offered. Also, the firm should have a plan to communicate with the client in order to make sure that they understand they characteristics, including risk, of the products being offered. - **Remediation**: The firm should have a plan to conduct remediate actions, including (1) compensation for non-compliance and misconduct; (2) amend or withdraw a product if it is no longer suitable.	
Governance structure and implementation	s994B s994E(3) s994C RG 274	Provide the governance structure and processes relating to product development and approval, including: 1- A detailed explanation on how the target market for each product is determined, based on: a. The product features and risks b. The objectives, financial situations, and needs of the target market	Board of Directors Responsible Managers

		c. How the target market in review is different from target markets for other underlying assets 2- A detailed arrangement on the governance responsibility relating to product development and approval, including specifying: - Who prepares the TMD for each type of CFD products. - Who approves the TMD. - Who reviews whether a product is being sold only to the target market, and how often it is reviewed.	
Records to be kept	s 994E(1)	DFAL acknowledges that it is required by law to keep complete and accurate records of decisions made in relation to the issuer's target market determinations and associated reviews, together with the reasons for those decisions, for up to seven years. Keeping records plays a key role in helping DFAL meet all its design and distribution obligations. Records of all decisions made in relation to DFAL's target market and related reviews are stored in on DFAL's internal drives and uploaded onto its company cloud. Access to these records is limited to designated personnel to ensure to limit the likelihood that these records are tampered with. DFAL accepts that ASIC may request these records to ensure compliance with the law. The firm should describe the list of data that is recorded on a mandatory basis, including (among the others):	Responsible Managers
	s994G RG 274	Maintain a record of significant dealing-related issues:	

		- A breakdown of the number of new retail clients onboarded each month, separated by different CFD product types. - The number of new retail clients onboarded each month who fall outside of the Target Market. - The total number of existing retail clients who are currently outside the Target Market. - Breakdown of significant dealings that occurred in each month. Overview on the nature of significant dealings (if any) occur outside the target market.	
	s760A(aa) RG 274	Number of times Clients acquired CFDs had outcomes inconsistent with their objectives, financial situation, or needs	
	s994B s994E(3) s994C RG 274	Details of reviews the Issuer has undertaken for the TMD, including: - Who was involved in the TMD reviews - Who was the Decision maker on the TMD reviews - What were the outcomes of those reviews - Any changes made to the Issuer's TMD or product offering as a result of that review - What measures are in place to ensure the product marketing/advertising is reaching only to the correct Target Market In addition, the Issuer also must keep the record of: - Any modification of products, risk, or marketing strategies to better fit the current or intended Target Market - Any product withdrawal from sale	

	s912A	The Issuer also must keep the record of: - **The number of active clients.** - **The breakdown of those clients, including:** o Retail Clients: Australian Residents, Foreign Residents o Wholesale Clients: Australian Residents, Foreign Residents o Total Client Money (in AUD) held for: ▪ Retail Client (Australian Resident, Foreign Resident); ▪ Wholesale Client (Australian Resident, Foreign Resident)	
	s994B s912A s994E(3) s994C RG 274 RG 78 RG 271	The Issuer also has to keep the record of: **1. All books and documentation of company's policies and procedures regarding:** a. Client on-boarding; b. Compliance and monitoring of marketing campaigns; c. Compliance with Design and Distribution Obligations; d. Identifying a 'Significant Dealing' of a product outside the TMD; e. TMD review process before publication. **2. Registers for recording complaints, incidents and breaches**	

		3. Books and documentation of Significant Dealings with clients outside TMD of CFD product **4. Copies of agreements with distributors** **5. Versions of the company's Appropriateness Tests** **6. Books and documentation of TMD reviews for CFD product** **7. Any reporting of the TMD reviews to the company's board or other governance committees.**	

APPENDIX III – Product Distributor Obligations

Intended Outcome	Compliance Source	Procedures used	Monitoring Responsibility
Distribution to only occur after target market has been identified	s 994D	As a product distributor, DFAL acknowledges that it will interact with the client and that distribution can only occur after it has identified an appropriate target market.	Responsible Managers
Ensuring distribution will be consistent with the most recent target market determination	s 994E(3)	In developing systems, processes, procedures and arrangements that ensure distribution is consistent with its most recent target market determination, DFAL will take into account factors such as: • The likelihood of the distribution being inconsistent with the target market determination; • The nature and degree of harm that might result from the financial product being issued otherwise than in accordance with the target market determination; and • What steps 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.	Responsible Managers

		To reduce the likelihood of its financial products being sold to clients who are not in its target market, DFAL has opted to use targeted advertising with content that clearly outlines its products are not suitable for all investors. Further, clients are only able to acquire DFAL products once they have successfully passed the suitability questionnaire and deemed to be part of DFAL's target market. Conduct of sales staff will be monitored by the Responsible Managers and random checks of client dealings will occur to both highlight areas for potential areas and to assess whether conduct is complaint with the law and consistent with the target market determination. Where staff has been found to be acting in a non-compliant manner, appropriate disciplinary action will take place. All sales staff will be adequately trained on the new requirements under the DDO regime. Specific trainings will be provided to staff so they understand the key product features and the target market for products. DFAL will incorporate all additional training into existing staff training obligations. In most cases, DFAL sales staff will have sufficient information about a client to form a reasonable view on whether the client is reasonably likely to be in the target market. This likely comes from the completion of the questionnaire and other aspects of the client qualification process. Where existing information is relied upon, DFAL will consider whether it is appropriate to do so after considering: • The likelihood of circumstances changing so that the client is longer in the target market for the financial product; • The harm that may result from clients who are no longer in the target market acquiring the product; and • The time that has elapsed since the DFAL formed a reasonable view of whether a client is reasonably likely to be in the target market	

		However, DFAL accepts that there may be situations where further information is required to form a view on whether the client falls within the target market. In determining whether further information is required and, as a result whether specific questions should be asked, DFAL will take into account the following: • The likelihood of the consumer being outside the target market; • The potential for harm; and • What mitigation steps DFAL has available If it is determined further information is needed, DFAL sales staff will typically ask the potential client direct questions. DFAL take care to ensure that these questions do not leave the impression that the client's personal circumstances have been considered. Where DFAL becomes aware that they are interacting with a client who falls outside its target market, DFAL will keep a record of the discussion made and should the client continually contact, DFAL will consider whether it needs to review its target market and change it accordingly. DFAL's position is that clients falling outside its target market will not be distributed any of its financial products. Existing clients who no longer fall within the most recent target market determination are contacted and their accounts closed in due course.	
Notifying product issuer of significant dealings	s 994E(6)	DFAL acknowledges that it must notify ASIC of a significant dealing in a financial product that is not consistent with its target market determination as soon as practicable, and in any case within 10 business days after it becomes aware. The relevant considerations for DFAL are outlined above at Appendix II.	Board of Directors

Records to be kept	s 994(3)	As a distributor, DFAL accepts that it plays a critical role due to its direct interaction with clients. DFAL must comply with the information requirements specified in Appendix II and understands having this information gives DFAL greater oversight over client outcomes and enables DFAL to meet its obligations better. Relevant information that DFAL must keep a record of, for up to seven years includes: • The number of complaints received in relation to its financial products; • The steps DFAL has undertaken to ensure distribution is consistent with the target market determination; • The information DFAL requires to be kept under Appendix II; and • Any further information as prescribed by the Corporations Regulations These records are stored on DFAL's company cloud, as described in Appendix II.	Responsible Managers