



Target Market Determination

For Contracts for Difference

Company Name	VRGK Tech Pty Ltd (ACN 640 619 521)
Document Name	Target Market Determination
Product	Contracts for Difference (“CFDs”)
Date of TMD	11 October 2024
Registered Address	Three International Towers, Level 24, 300 Barangaroo Avenue, Sydney, NSW, 2000, Australia
Principal Place of Business	Three International Towers, Level 24, 300 Barangaroo Avenue, Sydney, NSW, 2000, Australia





Overview of this document

This document is a Target Market Determination (**TMD**) for the purposes of section 994B of the Corporations Act 2001 (Cth) ("**Corporations Act**") in respect of CFDs issued by VRGK Tech Pty Ltd (ACN 640 619 521) ("**Company**", "**VRGK**", "**us**", "**we**" or "**our**"). This TMD is intended to provide information on who the target market of consumers is for our CFDs.

This document applies to retail clients ("**Clients**"). This is not a Product Disclosure Statement (PDS). The document does not take into account the Client's financial situation and objectives.

Disclaimer

The purpose of this target market determination (TMD) is to describe the target market of Consumers for our CFDs, and to address the DD (Design and Distribution) Obligations that apply to TMD. If you are a retail client, you should also refer to the relevant Product Disclosure Statement (PDS) as well as any other VRGK legal documents, before deciding whether to acquire or continue to hold the relevant product.

You should not base any decision to trade on the contents of this TMD, and this document in isolation, and consider seeking independent advice, is not suitable for the purpose of deciding whether to open a CFDs trading account or trade in CFDs.

Financial products issued by VRGK

CFDs are complex and leveraged derivative financial products, and are traded over-the-counter (OTC). CFDs are agreements to exchange the difference in the value of a particular underlying financial asset from the time the contract is opened until the time at which it's closed.

Our CFDs are issued in respect of the following underlying financial assets ("**Instruments**"):

- **Foreign Exchange (Currency Pairs).**
- **Commodities.**
- **Indices, including stock market indices.**

With a CFD Clients never own the Instrument they have chosen to trade but can still benefit if the market moves in their favour or make a loss should the markets move





TARGET MARKET DETERMINATION

against them.

CFD's involve a variety of fees and charges, including spreads, account charges, overnight fees, holding costs and commissions, which may make them unsuitable for some investors. Such fees are notified to investors before they purchase CFD's.

CFD's are generally short term speculative investments and are not suitable for Client looking to make longer term investments. CFDs also carry significant risks, including:

- **Leverage:** Clients typically pay only a fraction of the full value of the underlying asset as Margin. Due to the change in the market for the underlying instrument, margin requirements can change rapidly, potentially leading to larger liabilities.
- **Investment Losses:** Losses on CFDs can exceed the initial Margin paid. Negative Balance Protection ensures clients cannot lose more than their account equity.
- **Market Volatility:** Financial markets are highly volatile, leading to rapid price changes that can widen spreads and complicate price execution.
- **Margining:** Clients must maintain sufficient Margin to keep positions open. Failure to do so may result in position closures.
- **Counterparty risk:** Investors deal with VRGK as the counterparty to every transaction, hence also expose to the financial and business risk of trading with us.

The Target Market for CFDs (s994B(5)(b))

Suitable clients for our CFDs include those who:

- Reside in any country or jurisdiction where our CFDs distribution or use would not be contrary to local law or regulation;
- Are over the age of 18 and under the age of 80;
- Can prove their understanding of CFDs and associated risks;
- Have a high-risk appetite and can safely tolerate the loss of their investment;
- Have a short-term investment horizon.

Consumers may look to trade CFD's for the purposes of either:

- Speculative trading; or
- Intra-day trading; or
- Hedging exposure to Instruments as a form of risk management; or





TARGET MARKET DETERMINATION

- Diversification.

VRGK will make every effort to ensure that the financial goals of its Clients are consistent with the product. This will include suitability testing for all clients prior to the establishment of the business relationship, and enhanced due diligence and monitoring where the company finds it necessary.

Unsuitable Clients for CFDs

CFDs are not an appropriate financial product for Clients who fall outside the scope of this TMD. For instance:

- Clients without a high-risk tolerance.
- Clients who cannot afford to lose their invested capital, or for whom this would affect their standard of living.
- Clients who are unemployed and solely derive their income from government benefit or pension and / or borrowings.
- Clients who have failed VRGK's suitability questionnaire during the application stage.
- Clients who are seeking capital protection or stability.
- Clients who do not understand CFDs and/or its associated risk.
- Clients who are in financial hardship.
- Clients who are vulnerable due to an age-related impairment, physical or mental health illness affecting capacity, financial circumstances causing significant detriment, or any form of addiction.

Criteria, scope and likely objectives, financial situation and needs of clients in the Target Market

The key assessment criteria to understand whether a Client falls into the target market is:

Retail Investor only	Only individual, non-professional clients would fall within the target market. Sophisticated and wholesale investors (professional investors) are excluded from the target market.
-----------------------------	---





TARGET MARKET DETERMINATION

Age	Is over the age of 18 and under the age of 80.
Expertise of CFD	Clients should have prior knowledge of or experience trading CFD's. VRGK evaluates the client's knowledge and experience of the product prior to onboarding their trading account, and the client must prove that they have sufficient expertise with CFDs in order for VRGK to distribute the product to the Client.
High risk tolerance	The Client is able to accept and agrees to the possibility of a maximum loss equal to the size of their entire account balance. The investor should generally be looking to engage in risky, speculative investing through CFDs.

The client objective, financial situation and needs is likely one of or a combination of the following:

High Risk Tolerance Investors

- **Likely objectives:** Retail Clients looking for higher returns through high-risk short term leveraged products and are prepared to accept material losses (and able to withstand such losses) as great as their entire account balance due to the high volatility within those products.
- **Likely financial situation:** Have a relatively high and regular disposable income and/or substantial holdings of spare capital available for trading CFD's. Are able to withstand losses from trading CFDs without causing distress or material impact on living standards.
- **Likely needs:** Wish to use spare capital to make enhanced returns.

Risk Mitigation Investors

- **Likely objectives:** Retail Clients looking to hedge their exposure to other investments and Instruments. This may include protecting their existing positions' gains or mitigate against potential future losses. Those who fall within this investor category would likely have the financial situation where they possess other investments that require hedging.
- **Likely financial situation:** Have existing or upcoming investments or exposures which the Client wishes to hedge.
- **Likely needs:** Loss or profit protection.



Explanation of why OTC Derivatives are likely to be consistent with the likely objectives, financial situation and needs of the target market

VRGK expects that trading in CFDs will likely be consistent with the likely objectives, financial situation and needs of **High Risk Tolerance Investors** using short term trading strategies because, through trading on leverage, CFDs offer the potential for enhanced returns, and this class of Clients should be able to bear any potential losses without material hardship.

We also expect that trading in CFDs will likely be consistent with the likely objectives, financial situation and needs of **Risk Mitigation Investors** because these products offer the ability to economically protect any previous profits from exposure to an Instrument and/or protect against future losses. For example, by taking a short position in CFDs over an Instrument, a Client can attempt to make a profit from any downtrend to offset any loss from a Client's existing long exposure to the same Instrument.

CFDs are subject to strict regulations that offer numerous protections for Clients, including:

- Client qualification requirements
- Limits on leverage
- Mandatory negative balance protection
- Bans on incentive programs

Distribution Conditions (s994B(5)(c))

- Any distribution of CFDs by VRGK Tech Pty Ltd directly to Clients, in accordance with its procedures and using in-house proprietary software, is reasonably likely ensuring that CFDs are distributed only to clients who fall within the target market. Our procedures encompass a robust set of client qualification controls established during onboarding, ongoing monitoring to ensure adherence to our TMD and stringent marketing strategy measures designed to engage clients who are highly likely to fall within our target market. Additionally, we provide comprehensive compliance training to maintain departmental consistency with our target market criteria and to stay updated on all regulatory changes.
- Third party distribution of CFDs issued by VRGK must only occur in accordance with client suitability guidelines and understanding procedures specified by VRGK. No third-party distributor is permitted to distribute CFD's issued by





TARGET MARKET DETERMINATION

VRGK to Clients unless VRGK considers on reasonable grounds that each relevant Client is likely to be within the target market. Any third-party distributor of CFDs will be subject to review by VRGK internal compliance. Third parties will be assessed for their appropriate procedures, processes and controls to distribute CFDs in accordance with this TMD.

- VRGK selects its distribution criteria depending on the medium used. The criteria selected for each medium allow VRGK to demonstrate that the targeted audience has or is highly likely to have an interest and/or prior experience trading CFDs on financial markets.
- Distribution and promotion of CFDs can only take place where the distribution criteria have been overlaid to be reasonably likely to reach Clients in VRGK target market.

In any event, CFDs should only be distributed to the Client where they meet the eligibility requirements determined by VRGK and the Client is reasonably likely to fall within the target market.

Monitoring and Review

VRGK is committed to periodically reviewing this TMD. Reviews will occur either:

- On an annual (twelve month) basis from the date of this TMD; or
- More frequently if a review trigger occurs; or
- When updated guidance is released by ASIC.

Review Triggers (s994B(5)(d))

In the event or circumstance that might suggest the existing TMD is no longer appropriate, a review will be triggered. Such circumstances may include (but are not limited to):

- Changes to our CFD product that materially alter its functions and suitability criteria for clients that in turn causes a shift in the target market;
- External events such as adverse media coverage or regulatory attention;
- Significant volume of complaints from Clients who are trading CFDs;
- Significant issues identified with the existing target market in which the CFDs has been distributed to;
- Where the distribution conditions are found to be inadequate;





TARGET MARKET DETERMINATION

- Any other event or circumstance that would materially change a factor taken into account in making this TMD for our CFDs.

Distributor Reporting Requirements (s994B(5)(g), (h))

The following information must be provided to VRGK by distributors who engage in retail product distribution conducted in relation to CFDs:

Type of information	Description	Reporting period
Complaints	Number and substance of complaints including all details about the complaint excluding personally identifiable information.	Quarterly
Significant dealing(s) outside the target market	Date or date range of the significant dealing(s) and description of the significant dealing (e.g. why it is not consistent with the TMD).	As soon as practicable, and in any case within 10 business days after becoming aware

Change in Personal Circumstances

It is the Client's responsibility to inform VRGK of any changes in their personal or financial circumstances which may affect their suitability to be distributed CFDs as set out in this TMD. Clients can inform us via:

- **Email:** service@vrgkbroker.com.au
- **Phone:** +61 280880716
- **Mail:** VRGK Tech Pty Ltd, Three International Towers, Level 24, 300 Barangaroo Avenue, Sydney, NSW, 2000, Australia