



# STORED VALUE

## Target Market Determination

### 1. About this document

This target market determination (**TMD**) is required under section 994B of the Corporations Act 2001 (Cth) (**Corporations Act**). It describes the type of customer this product is appropriate for (**target market**), its key attributes, and any conditions around how the product can be distributed. It also describes events or circumstances where Zepto Payments Pty Ltd (**Zepto, we, us, our**) may need to review this TMD.

This TMD is not a full summary of the features or the terms and conditions of the product, nor is it a substitute for financial advice. When making a decision about this product, customers should refer to the Product Disclosure Statement and terms and conditions set out in our Payment Solutions Agreement and any other disclosure documents we may refer our customers to. Please note that this TMD does not apply to wholesale clients.

#### Product description

This TMD applies to the Zepto Stored Value product (**product**). The product is a financial product, being a non-cash payment facility, for the purposes of the Corporations Act as well as a purchased payment facility (**PPF**) for the purposes of the Payment Systems Regulation Act 1998 (Cth). The product is issued by Zepto pursuant to its Australian Financial Services Licence No. 541011. Cuscal Limited (ABN 95 087 822 455) (**Cuscal**) is the Authorised Deposit-Taking Institution and is the holder of stored value for the PPF. Customer funds are held in a Customer Funds Account in Zepto's name with Cuscal and are not covered by the Financial Claims Scheme. Cuscal is the holder of stored value in respect of the product and provides transaction processing and settlement services to Zepto in relation to the Customer Funds Account.

#### Date from which this target market determination is effective

20 August 2024.

### 2. Target Market and Key Product Attributes

The target market for the product are businesses who would like to do any of the following:

- hold their funds in a facility for an indefinite period of time;
- hold their customer's funds in a facility for an indefinite period of time;
- be able to transfer funds from the facility on behalf of themselves to facilitate transactions in respect of their business operations;
- be able to transfer funds from the facility on behalf of their customers to purchase goods and services.

Zepto has identified the key attributes of the product that likely meet the needs, objectives and financial situation of customers in the target market as follows:

| Objectives and Needs   | Key Product Attributes  |
|--|---|
| A customer that is required by law to hold funds on behalf of their clients in an account that complies with the Corporations Act. | The product meets the requirements under section 981B and section 1017E of the Corporations Act for holding client money. |

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| A customer that is required to hold funds on behalf of their clients in a trust account.   | The product is a trust account.  |
| A customer that would like to store business funds or client funds for an indefinite period.   | The product allows for client funds to be separated from business funds. There is no limit on how long funds may be stored for.  |
| A customer that would like to store funds for their clients to enable their clients to purchase goods or services from the customer at a later date. | The product allows a customer to receive and store funds on behalf of a client until the client purchases goods or services from the customer.   |
| A customer that would like to use funds to facilitate transactions as part of their business operations.   | The product allows a customer to store funds for business purposes and send and receive payments via the New Payments Platform and the Bulk Electronic Clearing System.  |
| <b>Financial Situation</b>   | <b>Key Product Attributes</b>  |
| A customer anticipates the need to hold funds on trust on behalf of their clients.   | The product allows a customer to hold funds on trust on behalf of their clients and receive funds through real time electronic funds transfers via the New Payments Platform or through the Bulk Electronic Clearing System. |
| A customer that has sufficient funds available to cover fees and charges.  | <ul style="list-style-type: none"> <li>• Facility fees and transaction fees apply.</li> <li>• Customers are required to nominate a bank account for monthly direct debiting of fees and charges.</li> </ul>                  |
| The customers, and their clients, do not need to earn credit interest on the balance.  | The product does not pay credit interest to the facility holder.   |

### 3. Eligibility criteria

To be eligible for the product, a customer must:

- have an ACN if they are a domestic registered business, or be registered with ASIC if they are a foreign company and carry on business in Australia; and
- pass Zepto's onboarding checks, including Consumer Due Diligence, Know Your Customer, sanctions screening and any other necessary onboarding requirements.

#### Excluded class of customers

This product has not been designed for:

- Individuals.
- Customers who have obligations under ASIC's Client Money Reporting Rules 2017 in relation to reportable client money.
- Customers who require a statutory trust account to hold client money under state legislation (e.g. real estate agents, legal practitioners and conveyancers).
- Customers who are seeking to earn interest on stored value funds.
- Customers seeking a bank account that is protected by the Financial Claims Scheme.

## 4. How this product is to be distributed

Zepto applies the following conditions and restrictions to the distribution of the product so that the product is likely to be provided to customers in the target market.

These conditions and restrictions:

- limit the channels through which the product can be provided;
- ensure those who distribute the product are adequately trained and accredited; and
- ensure Zepto and any authorised third parties only distribute the product in accordance with a consistent application process.

|                                   | Condition  | How does this make distribution appropriate?   |
|-----------------------------------|--|--|
| <b>Channel</b>                    | <p>The product will be distributed by Zepto to customers in accordance with the authorisation provided under Zepto's Australian financial services licence (<b>AFSL</b>) through the following direct channels (<b>Direct Channel</b>):</p> <ul style="list-style-type: none"> <li>• Zepto's website;</li> <li>• Zepto's sales staff; or</li> <li>• approved marketing channels.</li> </ul> <p>Referral partners may refer customers to Zepto, however only authorised Zepto staff may decide to issue the product to a customer via the Direct Channel.</p> <p>The product will also be distributed by third parties (<b>White Label Distributors</b>) who:</p> <ul style="list-style-type: none"> <li>• hold an AFSL or are an authorised representative of an AFSL holder with an authorisation to deal in non-cash payment products; and</li> <li>• are authorised by Zepto to act as white label distributors of the product (<b>White Label Channel</b>).</li> </ul> | <p>By maintaining direct control over the Direct Channels, Zepto can ensure that applications for the product are only received through channels that are subject to appropriate conditions, controls and/or monitoring.</p> <p>White Label Distributors must comply with their obligations under their written agreement with Zepto and any guidelines, procedures or policies which are provided by Zepto from time to time (<b>White Label Agreement</b>), which includes complying with the distribution conditions and restrictions (the failure to do so being cause for Zepto terminate their respective authority to distribute the product). No White Label Distributor is permitted to distribute the product to prospective Clients unless the White Label Distributor considers on reasonable grounds that each prospective Client is likely to be within the target market. White Label Distributors will be required to provide Zepto with all relevant information required to enable monitoring and controls are in place to ensure that the product is being distributed to the target market. The information requested may include:</p> <ul style="list-style-type: none"> <li>• sales reports;</li> <li>• complaints and fraud data; or</li> <li>• incident and breach reports.</li> </ul> |
| <b>Training and accreditation</b> | <p>The product can only be provided to customers by Zepto directly, or</p>   | <p>By applying training and accreditation standards to Zepto staff and White Label</p>   |

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|                | <p>through authorised Zepto staff who are trained and accredited to sell the product.</p> <p>White Label Distributors are required to adhere to Zepto policies, procedures and the White Label Agreement, which requires ongoing training and accreditation of staff to comply with distribution requirements.</p>   | <p>Distributors who distribute the product, Zepto is ensuring:</p> <ul style="list-style-type: none"> <li>• background checks are conducted on relevant individuals;</li> <li>• those distributing the product hold appropriate qualifications, are authorised to engage in distribution activities and are appropriately trained and accredited to Zepto’s standards in respect of the product; and</li> <li>• those distributing the product understand the distribution process Zepto requires them to follow, as well as the legislative frameworks relevant to their activities.</li> </ul>   |
| <b>Process</b> | <p>The product can only be provided via the Direct Channel to customers by following Zepto’s customer application and product selection process, which includes Zepto making relevant enquiries into the customer’s product needs.</p> <p>White Label Distributors are required to apply a customer application and product selection process when distributing the product pursuant to a White Label Agreement.</p> | <p>By applying its application and product selection process in the Direct Channel, Zepto makes enquiries to determine whether the product is consistent with the likely needs, objectives and financial situation of the customer.</p> <p>White Label Distributors will, in implementing customer application and product selection processes, be placed in a position to satisfy themselves that the product is consistent with the likely needs, objectives and financial situation of the customer. Ongoing monitoring and reporting of White Label Distributors and audit of sales, complaints and incident data will enable Zepto to determine whether these processes are being maintained.</p> |

## 5. Reviewing this target market determination

We will review this target market determination as follows:

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| <b>Initial review</b>            | Within 1 year from the effective date.  |
| <b>Periodic reviews</b>          | At least every 2 years from the initial review.   |
| <b>Review triggers or events</b> | <p>Any event or circumstances which arise that would suggest the TMD is no longer appropriate. This may include (but is not limited to):</p> <ul style="list-style-type: none"> <li>• A material change to the design or distribution of the product, including related documentation (e.g. adding to, removing or changing a key product attribute; or a significant change to distribution channel or strategy).</li> </ul> |

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|  | <ul style="list-style-type: none"><li>● If at any time, we detect that more than 10% of customers receiving our product within a three month period are not within our target market. This event will be considered a 'significant dealing' and reportable to ASIC within 10 business days.</li><li>● Any incidents that indicate unanticipated distribution to customers outside of the target market or incidents in relation to the product's design or distribution which identify potential breaches of our legal or regulatory obligations.</li><li>● if at any time we are notified by our White Label Distributors, or detect during ongoing monitoring of the White Label Channel, that the product has been distributed outside the target market via the White Label Channel.</li><li>● Government policy or regulatory change which indicates the product's features or distribution channels may no longer be appropriate for the target market.</li><li>● External events such as adverse media attention or regulatory enquiries in relation to the product.</li><li>● Unexpected trends in complaints received from customers who acquired the product which show the TMD may no longer be appropriate. For example, complaints relating to:<ul style="list-style-type: none"><li>○ distribution (e.g. misrepresentation or mis-selling from Zepto staff);</li><li>○ product suitability; or</li><li>○ product attributes.</li></ul></li></ul> |
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Where a review trigger has occurred, this target market determination will be reviewed within 10 business days.