



Block Earner Loans

# Target Market Determination

■+ block earner

<b>Product</b>	Personal Loan												
<b>Issuer</b>	Web3 Loans Pty Ltd ACN 668 516 952												
<b>Manager</b>	Web3 Ventures Pty Ltd t/as Block Earner ACN 655 090 869, credit representative number 551024.												
<b>Date of TMD</b>	15/10/2023												
<b>Target Market</b>	<p>This product has been designed to provide consumers who own crypto currency assets, such as Bitcoin and Ethereum, with the ability to borrow using those assets as security for the loan.</p> <p><b>Description of product, including key attributes</b></p> <table border="1"> <thead> <tr> <th>Attribute</th><th>Details</th></tr> </thead> <tbody> <tr> <td><b>Loan amount</b></td><td>Minimum: \$50 Maximum: \$250,000</td></tr> <tr> <td><b>Loan term</b></td><td>Minimum: 1 day Maximum: 12 months</td></tr> <tr> <td><b>Repayments</b></td><td>Repayment amount and frequency is at the user's discretion. The full amount borrowed plus accrued interest is due in order to obtain a release of provided security. The borrower is able to use crypto provided as security to repay the loan.</td></tr> <tr> <td><b>Fees</b></td><td>Fees include: <ul style="list-style-type: none"> <li>1. 1% origination fee on each loan and every time funds are borrowed or redrawn</li> <li>2. 1% crypto exchange fee upon repayment using provided crypto security.</li> </ul> </td></tr> <tr> <td><b>Interest</b></td><td> <ul style="list-style-type: none"> <li>1. Interest is charged daily on the outstanding balance at the fixed rate defined at the beginning of the loan for 12 months.</li> <li>2. Interest compounds monthly</li> </ul> </td></tr> </tbody> </table> <p><b>Description of target market</b></p> <p>This product has been assessed as meeting the likely objectives, financial situation and needs of consumers who:</p> <ul style="list-style-type: none"> <li>• Meet our eligibility criteria, including the ability to make loan repayments;</li> <li>• Are 18 years and older</li> </ul>	Attribute	Details	<b>Loan amount</b>	Minimum: \$50 Maximum: \$250,000	<b>Loan term</b>	Minimum: 1 day Maximum: 12 months	<b>Repayments</b>	Repayment amount and frequency is at the user's discretion. The full amount borrowed plus accrued interest is due in order to obtain a release of provided security. The borrower is able to use crypto provided as security to repay the loan.	<b>Fees</b>	Fees include: <ul style="list-style-type: none"> <li>1. 1% origination fee on each loan and every time funds are borrowed or redrawn</li> <li>2. 1% crypto exchange fee upon repayment using provided crypto security.</li> </ul>	<b>Interest</b>	<ul style="list-style-type: none"> <li>1. Interest is charged daily on the outstanding balance at the fixed rate defined at the beginning of the loan for 12 months.</li> <li>2. Interest compounds monthly</li> </ul>
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- Are employed on full-time, part-time or casual basis
- Are temporary, permanent resident or citizen of Australia
- Owns an Australian Bank account to receive the loan or make payments,
- Own Bitcoin or Ethereum;
- Need to borrow funds for an acceptable personal or investment purpose;
- Require borrowed funds to be made available within 24 hours of approval
- Are prepared to offer their Bitcoin or Ethereum as security for the loan;
- Are aware of the volatility of Bitcoin or Ethereum prices
- Require the certainty of a fixed rate of interest;
- Consider Bitcoin and/or Ethereum long term investments

We have assessed that the product is likely to meet the likely objectives, financial situation and needs of consumers in the target market because of several key considerations:

**Asset Flexibility:** Our crypto-backed loans offer borrowers the unique advantage of accessing Australian dollars without having to liquidate their Bitcoin or Ethereum holdings. This addresses the financial need of individuals who wish to maintain exposure to the potential long-term growth of their crypto assets while securing funds for various purposes such as home improvements, investment opportunities, or unforeseen expenses.

**Risk Mitigation:** We provide a comprehensive risk management dashboard that minimises the potential downsides associated with crypto market volatility. By implementing robust loan-to-value ratios(LVR) and collateral management messaging systems, we help borrowers protect their crypto assets while ensuring responsible lending practices.

**Competitive Interest Rates:** Our product offers competitive interest rates, making it an attractive alternative to traditional loans and credit options. This aspect aligns with the financial situation of borrowers seeking cost-effective financing solutions.

**Quick and Convenient Access:** Borrowers can access funds swiftly, thanks to our streamlined application and approval process. This convenience is particularly appealing to individuals who require immediate liquidity to capitalise on time-sensitive opportunities or address urgent financial needs.

**Educational Resources:** We provide educational resources and support to help borrowers understand the nuances of crypto-backed loans, enabling them to make well-informed decisions that align with their financial goals and needs.

**Flexible Repayment Options:** Borrowers are free to repay the loan during the 12 month period on any schedule they choose. This allows borrowers the ability to repay when it suits them and maintain the best possible benefits from using the product.

#### **Classes of consumers for whom the product may be unsuitable**

This product may not be suitable for consumers who:

**Have a Low Risk Tolerance:** Individuals who are risk-averse and cannot afford to risk the potential fluctuations in the value of their crypto assets may find this product unsuitable. Crypto markets can be highly volatile, and fluctuations could lead to liquidation of collateral if not managed properly.

	<p><b>Do Not Understand Cryptocurrency:</b> Consumers who lack a basic understanding of cryptocurrency and its associated risks may not be well-equipped to make informed decisions regarding crypto-backed loans. Lack of knowledge can lead to unexpected financial outcomes.</p> <p><b>Are in a Financially Vulnerable Situation:</b> This product may not be suitable for individuals who are already in a financially precarious situation or have a high level of existing debt. Taking on additional financial obligations, especially in the form of a loan secured by crypto assets, could exacerbate their financial difficulties.</p> <p><b>Have Unstable Income:</b> Consumers with unstable or irregular income streams may struggle with the repayment obligations of the loan.</p> <p><b>Cannot Meet Loan-to-Value Ratio (LVR) Requirements:</b> Borrowers who cannot maintain the required LTV ratio due to the fluctuating value of their crypto assets may not be able to access the desired loan amount.</p> <p><b>Have Ethical or Personal Concerns:</b> Consumers with ethical or personal concerns about using their cryptocurrency as collateral for financial purposes may prefer alternative financing options that do not involve their digital assets.</p> <p><b>Have No Plan for Repayment:</b> Borrowers who do not have a clear and viable plan for repaying the loan, including interest payments and the return of principal, should carefully consider the risks associated with this product.</p> <p><b>Are looking to trade their cryptocurrency regularly:</b> Borrowers who require immediate access to their cryptocurrency for any reason including to trade should not use this product as the loan must be repaid prior to release</p>
<b>Distribution Conditions</b>	<p>The product will be distributed directly by us to consumers. Our staff have the necessary skills and training to understand the features of the product and to identify whether an applicant is within the target market.</p> <p>All staff working on the Crypto-backed Loans product have been trained on the responsible lending guidelines, they have read and understood this document and are based in Australia. If any application for credit is uncertain, the application is referred to senior management to review before a credit decision is made.</p>
<b>Review Triggers</b>	<p>The occurrence of one or more of the following events will prompt us to review the TMD to ensure that the TMD remains appropriate:</p> <ul style="list-style-type: none"> <li>• There is a significant dealing in the product to consumers outside the target market;</li> <li>• We identify that the product has caused, or may be likely to cause, consumer harm;</li> <li>• the number of complaints we receive from consumers in a calendar month exceeds <b>5% of the number of current loans</b> (or <b>10%</b> more than the monthly average number of complaints);</li> <li>• we receive hardship applications from customers in relation to more than 5% of current loans;</li> <li>• more than 5% of current loans are in default;</li> <li>• There is a material change to the product or the terms and conditions;</li> <li>• There is a material change in the law or Regulator expectations.</li> </ul>

	<ul style="list-style-type: none"><li>• We receive any notice from ASIC indicating that the product or the target market requires review.</li><li>• Distribution of the product substantially changes from the initial direct distribution methods.</li></ul>									
Review Periods	<p><b>First review date: 1/2/2024</b></p> <p><b>Periodic reviews:</b> Annually thereafter</p>									
Distribution Information Reporting Requirements	<p>The following information must be provided to us by distributors who engage in retail product distribution conduct in relation to this product:</p> <table><tr><th>Type of information</th><th>Description</th><th>Reporting period</th></tr><tr><td>Complaints</td><td>Number of complaints</td><td>Every <b>month</b></td></tr><tr><td>Significant dealing(s)</td><td>Date or date range of the significant dealing(s) and description of the significant dealing (eg why it is not consistent with the TMD)</td><td>As soon as practicable, and in any case within 10 business days after becoming aware</td></tr></table>	Type of information	Description	Reporting period	Complaints	Number of complaints	Every <b>month</b>	Significant dealing(s)	Date or date range of the significant dealing(s) and description of the significant dealing (eg why it is not consistent with the TMD)	As soon as practicable, and in any case within 10 business days after becoming aware
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