

The NIH logo is displayed in a large, light gray serif font against a solid black rectangular background. The letters 'N', 'I', and 'H' are spaced out, with a smaller '1' between the 'N' and 'H'.

NIH

Design and Distribution Obligations (DDO)

August 2021 version

SUMMARY

On 5 October 2021, the Design and Distribution Obligations (DDO) will come into effect for all issuers and distributors of financial products that are covered by DDO. N1 arms of businesses N1 Loans Pty. Ltd. and Zillion Finance Pty. Ltd. will operate in the regime of DDO. And We are in the process of doing more research and will constantly update our DDO policy to reflect compliance and regulatory requirements.

N1 Loans Pty. Ltd. and Zillion Finance Pty. Ltd. and Zillion Finance Pty. Ltd. DDO covers ONLY any loan where the credit is provided wholly or predominantly for personal, domestics or household purposes, or to purchase, renovate or improve residential property for investment purposes, or to refinance credit previously provided for this purpose, including asset finance to consumers. Noted, excludes business purpose loans.

The Design and Distribution Obligations (DDO) will apply to N1 Loans Pty. Ltd. and Zillion Finance Pty. Ltd. “mortgage brokers”, a term which is now defined in the National Consumer Credit Protection Act 2009 (Cth) (Credit Act) as:

1. A credit licensee or credit representative who carries on a business of providing credit assistance in relation to credit contracts offered by more than one credit provider that are secured by mortgages over residential property,
2. And does not perform the obligations or exercise the rights of a credit provider in relation to the majority of those credit contracts.

Key Points Of Design and Distribution Obligations

On 5 October 2021, the Design and Distribution Obligations (DDO) will come into effect for all issuers and distributors of financial products that are covered by DDO.

We’re currently working through our obligations as an issuer and distributor, as well as how we’re going to work with the distributors of our products to meet these new requirements. This is to be aligned with our Mortgage Management business Zillion Finance Pty. Ltd. business partners.

As we work through these new requirements, we’ll update the information on this documents.

What are Design and Distribution Obligations?

DDO requires issuers and distributors of financial products to have a consumer-centric approach to the design and distribution of their products, with the aim of helping consumers to obtain financial products that are appropriate for their objectives, financial situation and needs.

The obligations apply to N1H business N1 Loans Pty. Ltd and Zillion Finance Pty. Ltd.

DDO Expectations and Target Market Determination (TMD)

N1 Loans Pty. Ltd. and Zillion Finance Pty. Ltd. will create and define our Target Market Determination (TMD), including an outline of the likely financing objectives, financial circumstances and needs of customers of the products being offered via N1.

We will also determine the conditions and/or restrictions of the products that we offer.

In the environment of DDO, reporting requirements are to be established, including setting out relevant information, reporting frequency, reporting metrics, etc. At a minimum, a distributor must regularly report the number of complaints it receives about the issuer's product to the issuer, as well as report any significant dealings in the product that are inconsistent with the TMD.

Key Obligations of Product Distributor

The key obligations for product distributors are:

- to ensure there's a TMD in place for all of the products that we distribute that are covered by DDO
- to understand and follow the distribution conditions and reporting requirements set by the product issuer in the relevant TMD, eg they must collect and keep the information specified in the TMD, including complaint numbers (even where no complaints are received)
- to take reasonable steps to ensure the product is distributed in line with the TMD
- to keep records of distribution information

- to report information to the issuer as required by the TMD.

What are we expected of?

We're expected to understand the requirements we establish in the TMDs for our products. This means we need to:

- understand the target market defined in a TMD and take reasonable steps to ensure the product is distributed in accordance with the TMD
- understand and adhere to any distribution conditions established in the TMD
- provide information as specified in the TMD, at the required frequency and in the required form
- keep accurate records of the reasonable steps taken and any information provided to us
- report to us where you believe a significant dealing in the product which is inconsistent with the product's TMD has occurred.