

## KEY INFORMATION DOCUMENT (Equity Index Options – Short Call)

Purpose

This document provides you with key information about this investment product. It is not marketing material. The information is required by law to help you compare it with other products and understand the nature, risks, costs, potential gains, and losses of this product.

**Product:** Equity Index Option – Short Call

**Cboe Europe Derivatives Exchange (CEDX) Equity Index Options Specifications are available at:**  
[European Derivatives Index Options](#)

**Details of the specific indexes in respect of which Equity Index Options are traded on CEDX are available at:**  
[Cboe Indices Overview](#)

**Manufacturer:** Cboe Europe BV

**Competent Authority:** Autoriteit Financiële Markten (AFM)

**Document creation date:** 19-04-2024

Alert

You are about to purchase a product that is not simple and may be difficult to understand.

What is this product?

Equity index call options are derivative based contracts. A derivative is a financial contract, which derives its value from the value of another underlying instrument, in this case an equity index.

Objectives

A call option gives a buyer the right but not the obligation to buy the underlying asset at a certain price (the strike price) at a certain date in the future (the expiration date). The seller of a call option has a short position and has sold the right to buy the underlying asset to the buyer. This means the seller may be forced to sell the underlying asset at the strike price on expiration date. The right is the price of the option and is also known as the option premium. The option premium can fluctuate due to changes in (the expectations of) the following non-exhaustive list of parameters: the difference between the option strike price and the price of the underlying asset, interest rates, remaining time until expiry of the option contract, expected volatility in the underlying index.

The buyer and seller of an index call option have opposing expectations of how the value of the underlying index will develop. The buyer of a call expects that at expiration or closure the underlying index will be higher than the option strike price plus the paid option premium. The seller of a call expects that at expiration or closure the underlying index will be lower than the option strike price plus the option premium received.

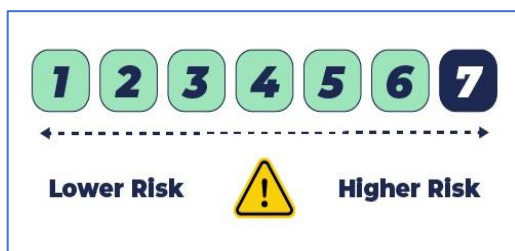
The gross profit or loss of the seller of a call at expiry depends on the Exchange Delivery Settlement Price (EDSP). If the EDSP is at or below the strike price, the gross profit for the seller is equal to the option premium received. If the EDSP is higher than the option strike price, the gross return is calculated as the received option premium, minus the EDSP, plus the option strike price. The seller's maximum potential gross loss is unlimited.

An equity index call option is a European Style option: it has a pre-defined expiration date and it cannot be exercised before this expiration date. You can exit a short position during Exchange trading hours by entering into an opposing call option position (with the same underlying, maturity and strike price) traded on CEDX and cleared by Cboe Clear, acting as buyer to close an open short position. In the highly unlikely event that an orderly functioning of markets would no longer be guaranteed, in accordance with the Exchange Rules, CEDX has the right to suspend trading or to terminate positions.

There is no recommended holding period, the seller can close the position early with the gross profit or loss for a short call calculated as the options premium received at the time the call was sold minus the options premium paid at closure. This difference multiplied by the contract size results in the monetary value of the gross profit or loss. The potential pay-off at expiration of a short call is asymmetric since the profit is limited to a maximum of the premium received and the potential loss is unlimited.

#### Intended retail investor

An index call option is a product only suitable for clients with extensive knowledge and experience in derivative financial products. This product is not designed to be marketed to a specific type of investor or to fulfil a specific investment objective or investment strategy. A retail investor should become familiar with the characteristics of this product to make an informed decision on whether this product fits their investment needs. If in doubt, a retail investor should contact their broker or investment adviser to obtain investment advice. A retail investor may bear financial losses exceeding the initially invested capital. There is no capital protection meaning that repayment of the invested capital is not guaranteed.



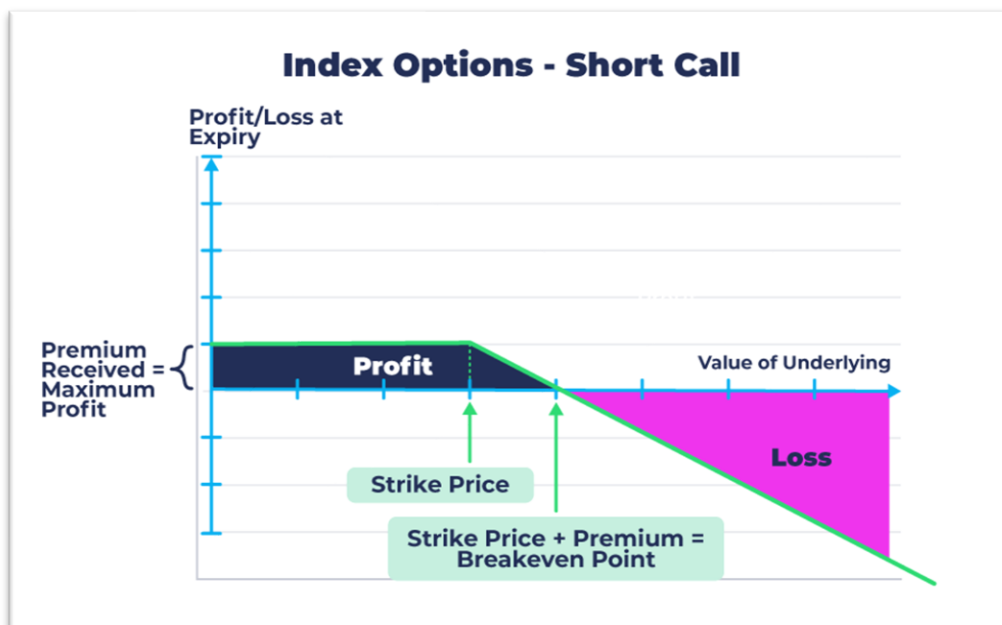
#### What are the risks and what could I get in return?

The product can be held for the duration of a short, medium or long-term investment horizon. The summary risk indicator is a guide to the level of risk of these products compared to other products. It shows how likely it is that a product will result in a loss because of movements in the markets. These products have been classified as 7 out of 7, which is the highest risk class. This rates potential losses from future performance at a very high level. Options are leveraged products: small

changes in the underlying price can result in large gains or losses because of leverage. Initial costs of a customer, e.g. execution fees and assets deposited to secure the exposure, account for only a small percentage of the traded contract's overall value.

#### Performance scenarios

This graph illustrates how your investment could perform. You can compare it with the pay-off graphs of other derivatives.



The graph presented gives a range of possible outcomes and is not an exact representation of what you might get back. The horizontal axis shows the various possible prices of the underlying value on the expiry date and the vertical axis shows the profit or loss. For each value of the underlying, the graph shows what the profit or loss of the product would be at maturity. If you sell a call, you are expecting the underlying index at expiry to be lower than the strike plus the premium received. Consider this an illustration. The illustration does not include all the costs that you pay to your advisor or distributor. The figures do not consider your personal tax situation, which may also affect how much you get back.

Be aware of currency risk. Depending on the chosen product, you will receive payments in a different currency than your home currency, so the final return you will get will depend on the exchange rate between the two currencies. This risk is not considered in the indicator shown above. In some circumstances, you may be required to make payments to pay for losses. These products do not include any protection from future market performance so you could incur significant losses.

Before entering into a short index call position, you must have made an independent assessment on whether to enter into such a contract and decide as to whether the respective product is appropriate or proper for you, based upon your own judgment and/or the recommendation from the persons selling or advising. The scenarios indicated in the graph illustrate a range of possible returns for this product at maturity.

#### What happens if CEDX is unable to pay out?

CEDX is an exchange approved under Dutch law and provides a trading platform for the conclusion of financial transactions between market participants. CEDX does not act as counterparty to any market participant with respect to any of these transactions. Any transaction traded on CEDX is centrally cleared by Cboe Clear Europe.

#### What are the costs?

CEDX fees : [Cboe Europe Derivatives Exchange Fee Schedule](#)

Cboe Clear fees : [Cboe Clear Europe Fee Schedule](#)

The person selling you or advising you about this product may charge you other costs. If so, this person will provide you with information about these costs and show you the impact that all costs will have on your investment over time. In addition, you might have to deposit assets with the person selling you or advising you about this product, to secure this product's exposure.

#### How long should I hold a position and can I take money out early?

Each customer's optimal holding period depends on their individual investment strategy and risk profile. Hence, there is no recommended holding period for these products by the exchange. You can close a position before expiry, let the option expire or you can roll forward the exposure in an index call option (at or before maturity). To roll an option means to extend its maturity by closing the initial contract and opening a new contract with a longer maturity on the same underlying index with a strike and maturity to match your investment horizon.

#### How can I complain?

If there is a complaint about the products covered by this KID, please contact Cboe Europe Sales, Gustav Mahlerplein 77, 1082 MS Amsterdam, the Netherlands, or send an e-mail to [EUDerivatives@Cboe.com](mailto:EUDerivatives@Cboe.com). If there is a complaint about the person advising on, or selling, or distributing the product to you then please contact the institution that this person represents.

#### Other relevant information

For more information on the products, tick sizes, trading hours, expiration dates and more, please visit the following site [European Index Derivatives](#).