

## KEY INFORMATION DOCUMENT (Single Stock Options – Long Call – American Style)

**Cboe Europe Equity Derivatives Exchange (CEDX) Single Stock Options Specifications are available at:**

[CEDX\\_Single\\_Stock\\_Options\\_Product\\_Specifications.pdf \(cboe.com\)](#)

**Details of the specific underlying stocks on which options are traded on CEDX are available at:**

[CEDX\\_Phase\\_One\\_Single\\_Stock\\_Options\\_Product\\_Coverage.pdf \(cboe.com\)](#)

**Manufacturer:** Cboe Europe BV

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

**Document creation date:** 2023-10-09

### 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 understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.

### Alert

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

### What is this product

Single stock 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.

### Objectives

A buyer of a call option has a long position. This position gives you the right but not the obligation to buy the underlying asset at a certain price (the strike price) at any time during the lifetime of the option. 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 at any time during the lifetime of the option. The price of the option is also known as the option premium. The total amount payable by the option buyer to the option seller, is determined by multiplying the option premium by the contract size. The option premium can fluctuate due to movement 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, dividend expectations, time remaining until expiry of the options contract, expected volatility in the underlying asset.

The buyer and seller of the option have opposing expectations of how the value of the options price will develop. The buyer of the call expects that at any time to expiry, the underlying asset price will be higher than the sum of the option strike price plus the option premium. The seller of the call expects that at any time to expiry, the underlying asset price will be lower than the sum of the options strike price plus the option premium.

The gross profit or loss for the buyer of a call option depends on the underlying asset price. At expiry, if the underlying asset price is at or below the option strike price, there is no profit but the loss is limited to the option premium already paid. If the underlying asset price is above the option strike price, then the gross pay-off for the buyer is calculated as the underlying asset value, minus the option strike price, minus the option premium. The buyer's maximum potential gross profit is unlimited.

A single stock call option has a pre-defined expiry date however the buyer can choose to exercise the call early or close the position in the market during normal Exchange trading hours by entering into an opposing call option position (with the same underlying, expiry and strike price) traded on CEDX and cleared by Cboe Clear Europe, acting as seller to close an opening long position. In the highly unlikely event that an orderly functioning of markets can no longer be guaranteed, in accordance with the Exchange Rules, CEDX has the right to suspend trading or to terminate positions.

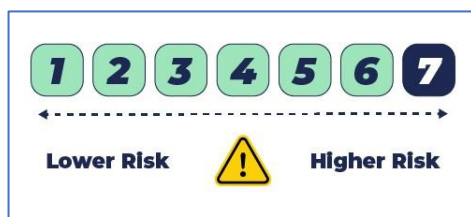
There is no recommended holding period and the buyer can exercise the call position at any time to expiry resulting in a purchase of the underlying stock. The buyer can close the position up to expiry with the gross profit or loss for a long call calculated as the option premium at closure minus the option premium at the time the call was purchased. 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 long call is asymmetric since the loss is limited to a maximum of the premium paid and the potential profit is unlimited.

#### Intended retail investor

A long single stock 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?

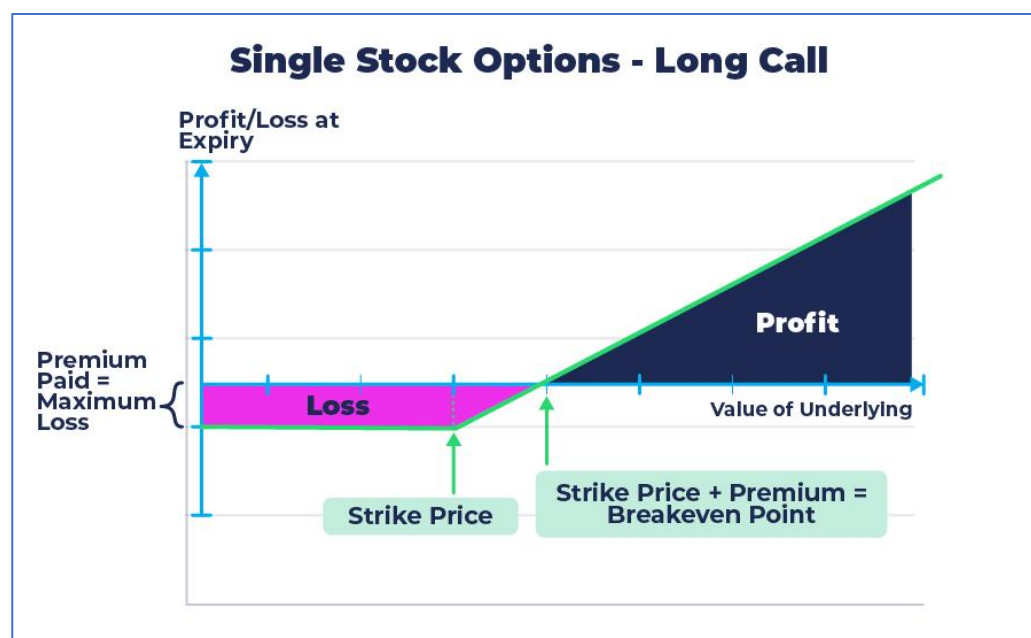
##### Summary Risk Indicator



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. We have classified these products 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; initial costs for a customer, may include execution fees and assets deposited to secure the exposure. These account for only a small percentage of the traded contract's overall value. Small changes in the underlying price can result in large gains or losses because of leverage.

#### Performance scenarios

This graph illustrates how your investment could perform.



You can compare it with the pay-off graphs of any other derivatives. The graph presents a range of possible outcomes and is not an exact representation of what you might get back. The horizontal axis shows price of the underlying on expiry date and the vertical axis shows the profit or loss. For each underlying price, the graph displays the profit or loss of the product at expiry. If you buy a call, you are expecting the price of the underlying to be higher than the strike plus the premium paid, at expiry. 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 a retail investor's personal tax situation or the tax legislation of your home member state, both of which may have an impact on the actual payout.

Be aware that you may be exposed to currency risk. Depending on the chosen product, you may receive payments in a different currency, so the final return will depend on the exchange rate between the two currencies. This risk is not considered in the indicator shown above. These products do not include any protection from future market performance so you could incur significant losses.

Before entering into a long call option position, you must have made your own independent assessment on whether to enter into such a contract and decide 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 expiry.

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

CEDX does not cover related losses through any investor compensation or guarantee scheme. 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 Fee Schedule \(cboe.com\)](#) - (Retail Participants – No Trading Fees)

[Cboe Clear Europe Fee Schedule](#) - (Retail Participants - No Clearing Fees)

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 long call option 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 exercise a position early, close a position before expiry, let the position expire or roll the position forward into a similar contract with a longer dated expiry. Rolling an option position forward, involves closing out the original contract and simultaneously opening a new contract, with a longer dated expiry on the same underlying, at a strike and expiry 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, Netherlands. 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, final settlement dates and more, please visit the following site: [European Single Stock Options \(cboe.com\)](#)