



## Key Information Document (short equity index put option)

### 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.

### Alert

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

### Product

Equity index put 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.

Cboe Europe Equity Derivatives Exchange (CEDX) Equity Index Options :

[https://www.cboe.com/europe/derivatives/support/tradable\\_products/](https://www.cboe.com/europe/derivatives/support/tradable_products/)

Details of the specific indexes in respect of which Index Futures are traded on CEDX are available at: <https://www.cboe.com/europe/indices/>

[Manufacturer: Cboe Europe BV](#)

[Competent Authority: Autoriteit Financiële Markten \(AFM\)](#)

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### Objectives

A Put gives you the right but not the obligation to sell the underlying asset at a certain price (the Strike Price) at a certain time in the future. A seller of a Put option has a short position. The seller of a Put option has a short position and has sold the right to sell to the buyer. This means the seller may be forced to buy the underlying asset at the strike price and at the pre-defined time. The right is the price of the option and is also known as the option premium. An option's premium can fluctuate due to movements in the expectations of the following non-exhaustive list of parameters: the difference between the option's strike price and the price of the underlying asset, interest rates, remaining time until expiry of the options contract, expected volatility in the underlying asset, etc...

The buyer and seller of the options have opposing expectations of how the value of the option's price will develop. The seller of the Put expects that at expiration or closure the underlying asset's price will be higher than the sum of the option's strike price minus the option's premium. The buyer

of the Put expects that upon the option's expiration or closure the underlying asset's price will be lower than the sum of the option's strike price minus the option's premium.

The gross profit or loss for the seller of a Put depends on the underlying asset's price at the option's expiration or closure. At expiry, if the underlying asset's price is at or higher than the option's strike price, the gross profit equals the premium received. At expiry, if the underlying asset's price is lower than the option's strike price, the gross profit for the long Put is calculated as the option's premium, minus the option's strike price, plus the underlying's value at the option's expiration or closure. The seller's maximum potential gross loss is unlimited.

An Index options Put has a pre-defined maturity date but you can exit the position during the trading hours of the exchange by entering into an opposing options Put position (with the same underlying, maturity and strike price) traded on CEDX and cleared by EuroCCP, acting as seller to close an opening long position, or acting as buyer to close an opening short position, respectively. 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, you can exit the position early and the gross profit or loss for a long Put is calculated as options premium at expiration or closure minus the Options premium at the time the Put was entered into. This difference divided by the minimum price change (tick size) will calculate the profit or loss in ticks, the number of ticks multiplied by the value per minimum price change (tick value) calculates the monetary value of the gross profit or loss.

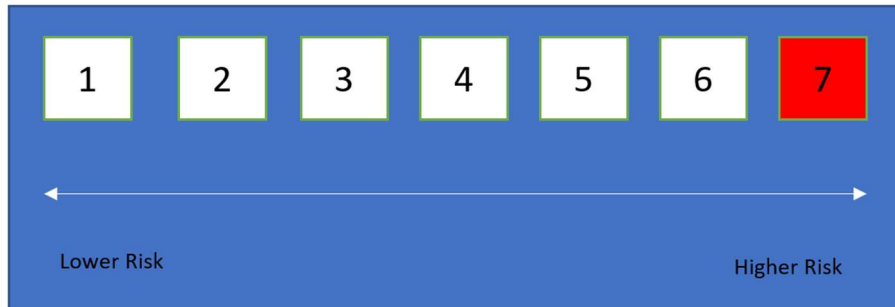
The potential pay-off at expiration of a long Put is asymmetric since the loss is limited to a maximum of the premium paid and the potential profit is the strike price minus the options premium.

#### Intended retail investor

An exchange is a neutral trading platform, where various types of market participants can interact. Potential customers of equity index Puts comprise of retail clients, professional clients and eligible counterparties, who pursue a strategy of capital optimisation, leverage for the purpose of directional investing, arbitrage or hedging, and who may have a short-term, mid-term or long-term investment horizon. The potential customer could bear financial losses exceeding the initially invested capital. There is no capital protection (repayment of the invested capital is not guaranteed). An equity index Put long is a product suitable for clients with extensive knowledge and/ or experience in derivative financial products.

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

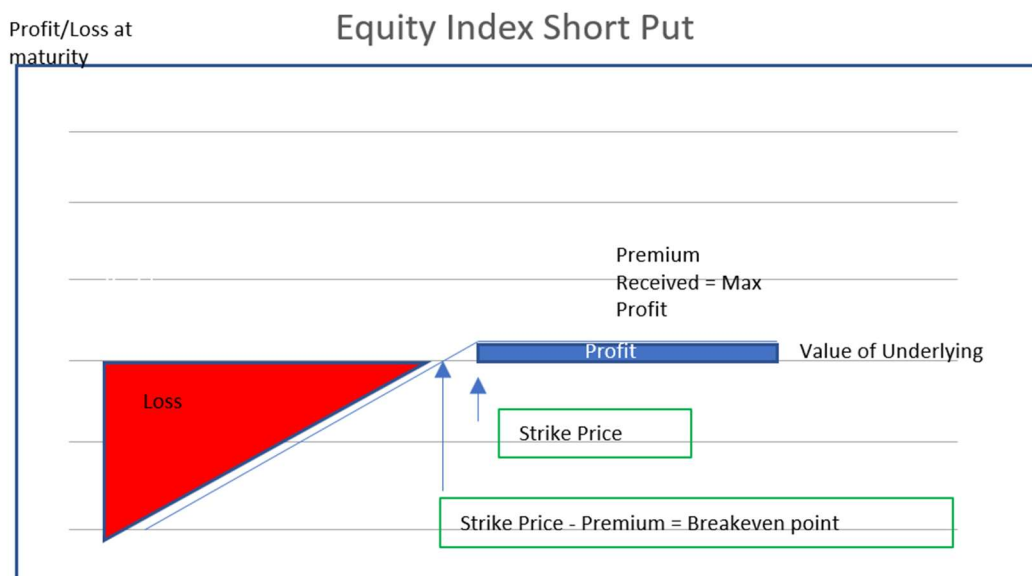
The product can be held for the duration of a short, medium or long-term investment horizon. The summary risk indicator is a guide to the level of risk of these products compared to other products. It shows how likely it is that a product will result in a loss because of movements in the markets. We 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 of a customer, e.g. execution fees, assets deposited to secure the exposure, 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.



The risk indicator assumes that an option is held until its expiration. The actual risk can vary significantly if you cash in at an early stage and you may get back less. Some options and options strategies have limited risk, but some can be high risk. .

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 buy a call, you are expecting the price of the underlying to be higher than the strike plus the premium paid at maturity. 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, 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. The total loss you may incur could be significant. These products do not include any protection from future market performance so you could incur significant losses.

Before entering a long Index Put position, you must have made your own 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 EuroCCP.

#### What are the costs?

CEDX fees : [https://www.cboe.com/europe/derivatives/participation/fee\\_schedule/](https://www.cboe.com/europe/derivatives/participation/fee_schedule/)

EuroCCP Fees : <https://euroccp.com/document/regulation-fees-and-penalties-2/?wpdmdl=6359&refresh=612f69962ad9b1630497174>

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 it 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 Put 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 to any strike or 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 Mahlerlaan 1212, 1081 LA Amsterdam. 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

[https://www.cboe.com/europe/derivatives/support/tradable\\_products/](https://www.cboe.com/europe/derivatives/support/tradable_products/)

