

# KEY INFORMATION DOCUMENT– SHORT POSITIONS IN FREIGHT AND FUEL OIL PUT OPTIONS

## 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, cost, potential gains and losses of this product and to help you compare it with other products.

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

**PRODUCT: EXCHANGE TRADED DERIVATIVES – SHORT POSITION IN Freight and Fuel Oil PUT OPTIONS**

**Manufacturer Nasdaq Oslo ASA.** For more information, go to [www.nasdaq.com](http://www.nasdaq.com) or call +46 8 405 6000

**Competent authority:** Norwegian Financial Supervision Authority

**Date of production:** December 29, 2017

## WHAT IS THIS PRODUCT?

**Type:** Derivatives. Freight and Fuel Oil Options – Puts are considered a derivative under Annex I Section C (4) of MiFID II (the Markets in Financial Instruments Directive) 2014/65/EU. The product is denominated in American Dollars (USD) .

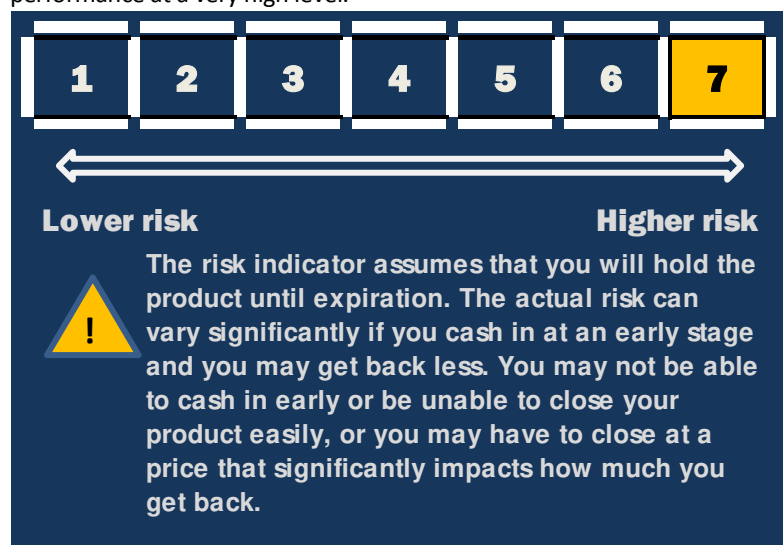
**Objectives:** Sellers (writers) of Put Options (short positions) take on an obligation that applies for the duration of the fixed period stated in the Contract Specifications to buy a specified amount of the underlying instrument at a pre-determined price (strike price) if the option is exercised by the buyer.

Each option series has its own expiry date, after which the product will expire. The times at which an option can be exercised are set out in the Contract Specifications.

**Intended retail investor:** The target market includes retail clients, professional clients and eligible counterparties who pursue an objective of general capital formation or capital optimization, of a disproportionately high participation in price fluctuation or of hedging and who have a short-term, mid-term or long-term investment horizon. The potential client does not attach importance to capital protection (repayment of the invested amount is not guaranteed). The product is suitable for clients with extensive or specialized knowledge and/ or experience in financial products, which is to be validated and documented by the intermediary/distributor.

## WHAT ARE THE RISKS AND WHAT COULD I GET IN RETURN?

The summary risk indicator is a guide to the level of risk inherent in this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you. We have classified this product as 7 out of 7, which is the highest risk class. This rates the potential losses from the future performance at a very high level.



This product does not include any protection from future market performance so you could lose some or all of the premium you have received.

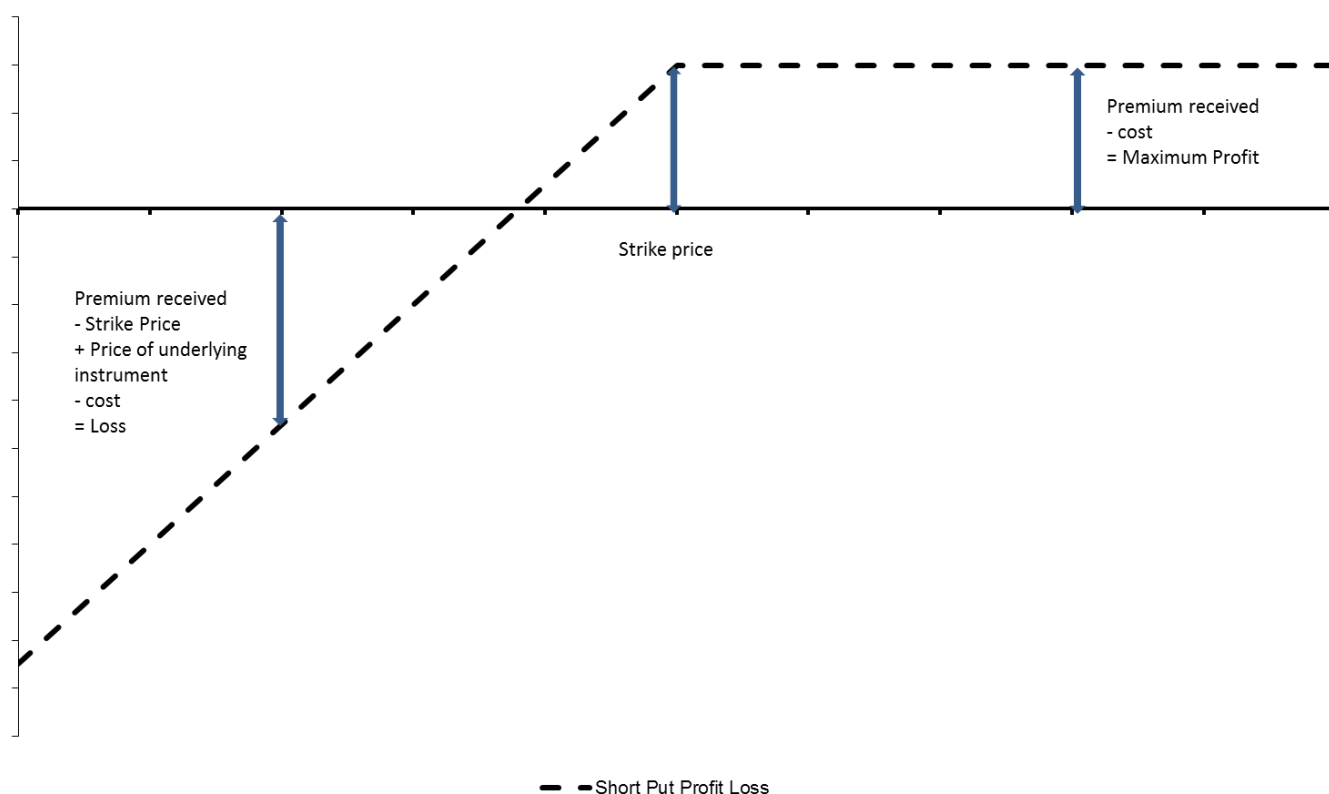
The maximum loss can exceed your received premium.

**Holding a position in another currency than your own you have a currency 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 gives a range of possible outcomes and is not an exact indication of what you might get back the return you could expect. Your return will vary depending on how the underlying instrument performs will develop. For each value of the underlying instrument, the graph shows what the profit or loss would be on of the product would be. The horizontal axis shows the various possible prices of the underlying value instrument on the expiry date and the vertical axis shows the profit or loss.

#### SHORT POSITION ON PUT OPTION



Selling this product means that you think the underlying price will increase.

The figures shown include all the costs of the product itself, but may not include all the costs that you pay to your advisor or distributor. The figures do not take into account your personal tax situation, which may also affect how much you receive as a return. The tax legislation of your home state may have an impact on the actual payout.

The profit or loss potential of a Put Option on the expiration date depends on the exercise price and the premium received for a short position. The price of the option premium depends on several factors, such as the speed and direction of the price changes in the underlying instrument and interest rates. Additionally, the potential for making a profit or loss on the option position is highly dependent on the way the position is used, e.g. options can be traded as a risk management tool to hedge other investments or used as a stand-alone investment.

Profit/loss calculation for a Short Put Option at expiration: Step one: Take the options strike price less the price of the underlying instrument. When the result of this calculation is a negative figure, the result is set at zero. Step two: Take the premium paid and subtract from it the result obtained in step one. Step three: Options are priced per unit of the underlying instrument and the previous calculation determines the result per unit of the underlying instrument, but the total value of an option contract depends on the contract multiplier. The total profit or loss of an option is therefore calculated by multiplying the value obtained in step two by the contract multiplier.

The profit or loss on a Put Option is zero when the underlying instrument has a price that is equal to the strike price less the premium received.

The profit and loss calculation in formulas: Total profit or loss: (Premium – result from step 1) \* contract multiplier [if relevant], where P is the underlying instrument's market price and S is the option's strike price. The profit/loss is zero where  $P = S - \text{premium received}$

#### **WHAT HAPPENS IF NASDAQ OSLO ASA IS UNABLE TO PAY OUT?**

Nasdaq Oslo ASA is not responsible for paying out for the investment and the investment is not covered by an investor compensation or guarantee scheme. The product is cleared by Nasdaq Clearing AB which has in place risk policies and a Default Fund in line with applicable legislation.

#### **WHAT ARE THE COSTS? COST OVER TIME AND COMPOSITION OF COSTS**

Nasdaq Oslo ASA charges fees which are applied to the exchange trading member. The transaction fee for this asset class is a fixed sum per Futures or Forward Contract (fee floor and cap and other conditions apply). The fee schedule is available in the price list on our website: [[http://www.nasdaqomx.com/digitalAssets/106/106597\\_171016-joint--appendix-7--fee-list.pdf](http://www.nasdaqomx.com/digitalAssets/106/106597_171016-joint--appendix-7--fee-list.pdf)].

Investment USD 10,000		
Scenarios	If you cash in after 1 year	If you cash in at the expiry
Total costs/contract	USD 6,00 - 8,00	USD 6,00 - 8,00
Impact on return (RIY) per year	Depends on the premium/contract	Depends on the premium/contract

Composition of Costs: This table shows the impact on return per year			
One-off costs/contract	Entry cost	USD 3,00 - 4,00	The impact of the cost you pay when entering into your investment
	Exit cost	USD 3,00 - 4,00	The impact of the cost of exiting your investment
On-going costs	Portfolio Transaction Cost	Not applicable	The impact of the cost of us buying and selling underlying investments for the products.
	Other on-going-cost	Not applicable	The impact of the cost we take every year for managing your investment.
Incidental costs	Performance fees	Not applicable	The impact of the performance fee. We take these from your investment if the product outperforms its benchmark.
	Carried interests	Not applicable	The impact of carried interest

The table assumes a 12-month duration. The cost shown is the most you will pay and you could pay less. The cost is not affected on whether you cash in during or at the end of the recommended holding period. Further or associated costs may be charged to retail investors by the exchange trading member, brokers or other intermediaries involved in a retail derivative transaction. There are no recurring or incidental costs for this product.

#### **HOW LONG SHOULD I HOLD IT AND CAN I TAKE MONEY OUT EARLY?**

There is no recommended holding period for this product. Put Options can be held until expiry. Whether or not retail investors choose to do so will depend on their investment strategy and risk profile. A short put option position can be closed by entering a sell order in the market.

#### **HOW CAN I COMPLAIN?**

Retail investors should address complaints to the broker or intermediary with whom the investor has a contractual relationship in relation to this product. You can call Nasdaq Stockholm at +46 8 405 6000.

#### **OTHER RELEVANT INFORMATION**

You can find more information such as Contract Terms, Quotation List (including available underlying indices, expiration months and strike prices) and Corporate Action Policies in Nasdaq Rules and Regulations:

<http://www.nasdaqomx.com/commodities/Marketaccess/legalframework>