

## KEY INFORMATION DOCUMENT (CALL OPTIONS ON AGRICULTURAL (“SOFT”) FUTURES)

**Purpose:** This document provides 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.

**Product: ICE Futures Europe (“IFEU”) - Call Options on Agricultural (“Soft”) Futures - <https://www.theice.com/futures-europe>**  
<https://www.theice.com/products/37089085/Robusta-Coffee-Options>  
<https://www.theice.com/products/37089084/London-Cocoa-Options>  
<https://www.theice.com/products/42944086/Euro-Cocoa-Options>  
<https://www.theice.com/products/37089086/White-Sugar-Options>  
<https://www.theice.com/products/37089087/UK-Feed-Wheat-Options>

Call +44 (0)20 7382 8200, Option 2 for more information or email [CO-ICEFuturesEU@TheIce.com](mailto:CO-ICEFuturesEU@TheIce.com)

IFEU is a recognised investment exchange supervised by the Financial Conduct Authority.

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

### What is this product?

**Type:** Derivative. **Call Options on Soft Futures** are considered to be derivatives under Annex I, Section C of MiFID 2014/65/EU.

### Objectives:

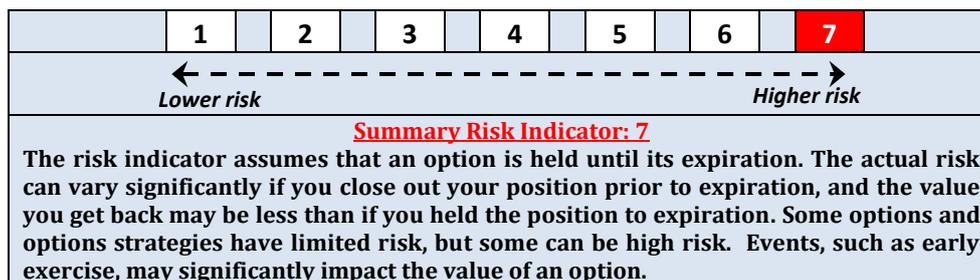
Call Options on Soft Futures are physically settled derivatives. A Call Option gives the **buyer** the right, but not the obligation, during the fixed period stated in the contractual terms, to buy the underlying Soft Future at a pre-determined price (strike price). **Sellers** (writers) of a Call Option take on an obligation to make delivery of the underlying Soft Future, if the Call Option is exercised by the buyer. IFEU Call Options on Soft Futures are American style. Each option series has a maturity date (“**Last Trading Day**”), after which the product will expire. You can close your position on any trading day up to and including the Last Trading Day. If you as a **buyer** ‘opened’ a position by buying a Call Option, you sell the same contract to ‘close’ your position. If you (as a **seller**) ‘opened’ a position by selling a Call Option, you buy the same contract to ‘close’ your position. Factors that impact a Call Option’s value include, but are not limited to, the strike price, time until expiration, market volatility and the value of the underlying Soft Future. IFEU Call Options may in certain circumstances be unilaterally terminated by IFEU and may be terminated by IFEU following an event of default of a Clearing Member or invoiced back (see “What happens if IFEU is unable to pay out?” below). Call Options will (unless you choose to close the position beforehand) automatically exercise or expire on the expiry date.

### Intended retail investor:

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 or not this product fits their investment needs. If in doubt, a retail investor should contact their broker or investment adviser to obtain investment advice.

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

#### Risk indicator:



- The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the market. We have classified this product as **7 out of 7**, which is the highest risk class. This rates the potential losses from future performance at a very high level.
- This product can expose a retail investor to unlimited liabilities in certain circumstances. This is a complex product and is only likely to be appropriate for the most experienced, sophisticated and knowledgeable types of investors.
- In some circumstances you may be required to make further payments to pay for losses. **The total loss you may incur may significantly exceed the amount invested.**
- This product does not include any protection from future market performance so you could lose some or all of your investment.
- If ICEU or any intermediary are not able to pay you what is owed, you could lose your entire investment (see “What happens if IFEU is unable to pay out?” below).
- **The risk and reward profile of a Call Option depends on its terms, but will involve the following considerations: Buyers** of Call Options can incur a maximum loss equal to the option premium, plus any transaction costs. **Sellers** (writers) of Call Options take on an obligation to make delivery of the underlying Soft Future on or before the Last Trading Day if the Call Option is exercised. Sellers can incur unlimited losses. **Selling options can be high risk and requires extensive product knowledge.** The

profit or loss potential of a Call Option on the expiration date depends on the exercise price and the premium paid by a Buyer or the premium received by a Seller. The price of the Call Option premium depends on several factors, such as the price movement of the underlying Soft Future, strike price, interest rates, time remaining to expiry and the market expectations on volatility. Positions in Soft Call Option contracts are subject to liquidity risks, in that your ability to close out a position on or prior to the last trading day will depend on entering into an offsetting position in the market with other market participants at the time. There is no commitment on the part of the exchange or any other person to enter into such offsetting transactions, and such closing transactions may not be available at the desired time, or may not be available at favorable prices.

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### Performance scenarios:

These graphs illustrate how your investment could perform. You can compare them with the pay-off graphs of other derivatives products in different Key Information Documents.

The graphs presented give a range of possible outcomes and are not an exact indication of what you might get back. What you get will vary depending on how the underlying will develop. For each value of the underlying the graphs show what the profit or loss of the product would be. 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.

#### Buy Call Option:



**Transaction:** Buy Call Option.

**Investment:** Call Option premium amount and margin is also required.

**Margin:** Initial margin requirement, up to the amount required for having a position in the Soft Future (approximately 7% of the contract notional value) plus variation margin to mark to market prices on a daily basis.

**Market expectation:** Rising market. Buying this product indicates that you think the price will increase.

**Profit/loss calculation:** The profit or loss at expiration is calculated as follows:

**Step one:** Take the price of the underlying value minus the Call Option's strike price, then multiply by the contract quantity. When the result of this calculation is a negative figure, the result is set at zero.

**Step two:** Take the result of Step one and subtract the premium paid to buy the Call Option.

#### Profit and loss characteristics:

**Profit:** Unlimited.

**Loss:** Your maximum loss would be that you will lose all your investment (premium paid) plus transaction costs.

**Break-even:** Reached when the underlying Soft Future rises above the strike price by the same amount as the premium paid to establish the position, including transaction costs.

#### Short Call Option:



**Transaction:** Sell Call Option.

**Investment:** None, but margin is required.

**Margin:** Initial margin requirement, up to the amount required for having a position in the Soft Future (approximately 7% of the contract notional value) plus variation margin to mark to market prices on a daily basis.

**Market expectation:** Falling market. Selling this product indicates that you think the price will decrease.

**Profit/loss calculation:** The profit or loss at expiration is calculated as follows:

**Step one:** Take the price of the underlying value minus the Call Option's strike price, then multiply by the contract quantity. When the result of this calculation is a negative figure, the result is set at zero.

**Step two:** Take the premium received and subtract the result of Step one.

#### Profit and loss characteristics:

**Profit:** Limited to the premium received from selling the Call Option.

**Loss:** Your maximum loss is unlimited in a rising market and you may lose all of your investment and be required to make additional payments significantly exceeding the initial margin payment.

**Break-even:** Reached when the underlying rises above the strike price by the same amount as the premium received from selling the Call Option, including transaction costs.

Buying or selling a Soft Call Option is one of the ways that you can take a 'long' or 'short' Soft Call Option position and depends on the investor's individual trading strategy.

The scenarios shown include all the costs of the product itself, but may not include all the costs that you pay to your advisor or broker. The figures do not take into account your personal tax situation, which may also affect how much you get back.

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

IFEU is not responsible for paying out under the investment. All derivatives traded on IFEU are centrally cleared by ICE Clear Europe Ltd. ("ICEU"). IFEU and ICEU are not within the jurisdiction of the UK Financial Services Compensation Scheme. In the event of a default by ICEU or your intermediary your position may become subject to ICEU's default procedures in accordance with its clearing rules, which may ultimately expose you to a risk of financial loss. It is possible that you may be included in any other compensation scheme depending on the exchange trading participant/member, clearing member, broker or other intermediary involved in a retail derivative transaction concerning this product. If you are in any doubt as to your position you should seek independent professional advice.

## What are the costs?

### Costs over Time and Composition of Costs:

IFEU charges fees which are applied to Clearing Members. The full fee schedule is available on our website ([https://www.theice.com/publicdocs/futures/IFEU\\_Fees\\_Energy\\_Softs\\_Commodities\\_Products.pdf](https://www.theice.com/publicdocs/futures/IFEU_Fees_Energy_Softs_Commodities_Products.pdf)). The person selling you or advising you about this product may pass on IFEU and ICEU charges and 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. Further or associated costs may be charged to retail investors by the exchange trading participant/member, brokers or other intermediaries involved in a retail derivative transaction.

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

**There is no recommended holding period for this product.** IFEU Soft Call Options can be held until expiration. IFEU Soft Call Options are American style so the buyer can exercise the Call Option on any day up to and including the Last Trading Day. Options will expire on the relevant maturity date unless validly exercised. Whether or not retail investors choose to do so will depend on their investment strategy and risk profile.

- ✓ A short Call Option position (i.e. a position opened by selling a Call Option) can be closed by entering a buy order (e.g. by giving the relevant instructions to your broker) in the market on any trading day up to and including the Last Trading Day.
- ✓ A long Call Option position (i.e. a position opened by buying a Call Option) can be closed by entering a sell order (e.g. by giving the relevant instructions to your broker) in the market on any trading day up to and including the Last Trading Day.

## 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 or to the IFEU Complaints Handling Officer. Complaints must be made in writing to: The Complaints Handling Officer, ICE Futures Europe, 5<sup>th</sup> Floor, Milton Gate, 60 Chiswell Street, London, EC1Y 4SA, or can be emailed to: [ICEFuturesEurope-Complaints@theice.com](mailto:ICEFuturesEurope-Complaints@theice.com). See <https://www.theice.com/futures-europe/regulation> for full details of IFEU's Complaints Handling Procedures.

## Other relevant information

**Contract specifications setting out key details of all IFEU Soft Call Options traded on our markets are published on IFEU's website.**

Please see the Contract Rules and Procedures for further details (<https://www.theice.com/futures-europe/regulation>). No portion of this document is, or is intended to be, addressed to persons outside the European Economic Area ("EEA"). IFEU has produced this document in order to provide a more efficient basis for compliance with Regulation (EU) No. 1286/2014 (the "**PRIIPs Regulation**") for exchange trading participants/members. To the extent permitted under the PRIIPs Regulation, IFEU undertakes no duty of care for the contents of this document and makes no warranty, representation or undertaking as to its accuracy. IFEU has not considered the specific circumstances of any 'retail investor' (as that term is defined in the PRIIPs Regulation) ("**EEA Retail Investors**"). EEA Retail Investors should only trade in this product based on their own assessment of the risks and should take their own financial, tax and legal advice. Any person making products to which this document relates available to an EEA Retail Investor is responsible for verifying whether this document is sufficient for their purposes or their clients' purposes, for adding any further disclosures as may be required for their clients and for assessing the suitability and appropriateness for their clients of any products traded on IFEU. IFEU does not admit any members that are EEA Retail Investors, and this document is only relevant to you if you have been offered trading in products traded on IFEU by a third party. IFEU is not responsible for the actions of any such third parties, and to the extent possible under applicable law, IFEU excludes all liabilities in relation to IFEU-traded products offered to EEA Retail Investors by any such third party. IFEU is not a 'PRIIP manufacturer' (as that term is defined in the PRIIPs Regulation) with respect to any offer to EEA Retail Investors in any EEA Member State other than those in which English is an official language or otherwise where a translated key information document in an official language of that EEA Member State is produced on IFEU's website.