



KEY INFORMATION DOCUMENT

Options

Purpose

This document is provided in relation to the EU Packaged Retail and Insurance-based Investment Products Regulation. The 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.

Product

Options are offered by Tradestone Limited (hereinafter the “**Company**”, “**We**” or “**Us**”), registered in the Republic of Cyprus. The Company is authorized and regulated by the Cyprus Securities and Exchange Commission in the Republic of Cyprus, with license number 331/17. For further information please call +357 25 313540 or go to <https://fbs.eu/en>.



Alert

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

What is this product?

Option is a contract which conveys its owner, the holder, the right, but not the obligation, to buy or sell an underlying asset or instrument at a specified strike price prior to or on a specified date, depending on the form of the option.

Type

Type: Options are derivatives contracts that give buyers the right, but not the obligation, to buy (call option) or sell (put option) the underlying futures, at the stated option strike price upon exercise of the option. Sellers of the options take on an obligation to sell (call option) or buy (put option) the underlying asset at the stated option strike price upon exercise of the option. There exist two types of options: European that can be exercised only at maturity, American, which can be exercised throughout the option tenor. In-the-money options are automatically exercised unless contrary instructions are received from the Clearing Member(s) on behalf of their client(s). For a call option buyer or a put option seller, the exercise of an option results in a long position in the underlying asset corresponding to the option’s contract month and strike price.

Objectives

When entering an options position, the buyer of either a put or call option will be subjected to an initial investment known as the option premium, payable to the seller. The seller of either a put or call option will be subject to margin requirements, which is an amount of money that must be deposited when an option position is opened. The amount of margin held on deposit must be maintained at a minimum level set by

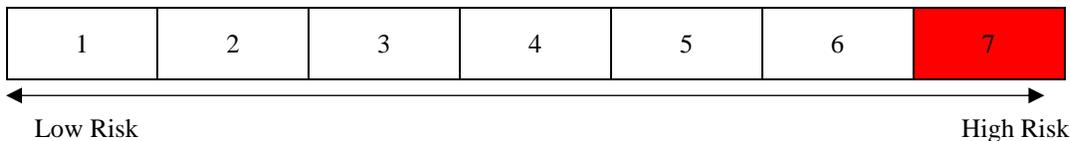


your clearing member firm, and this amount is topped up when there is a loss on a position. On option expiry date, if the option is exercised, the parties will each earn or lose an amount, depending on fluctuations in the price of the underlying.

Intended Retail Investor

Options are typically intended for sophisticated investors with extensive knowledge and/or past experience in derivatives products. Options are leveraged instruments, and because only a percentage of the contract's value is required to trade, it is possible to lose more than the amount of money deposited for an options position. Investors in this contract may have varying investment strategies and needs, including but not limited to speculation, arbitrage or hedging, and should adopt their investment horizons accordingly.

Risk Indicator



Summary Risk Indicator: 7 The risk indicator assumes that the 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.

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 markets or because we are unable to pay you.

We have classified this product as 7 out of 7, which is the highest risk class. This rates potential losses from future performance at a very high level. Changes in the underlying asset price can result in large gains or losses.

Be aware of currency risk. You may receive payments in a different currency depending on the product, so the final return you get may 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 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.

The product is listed for trading on a futures market and there is no committed liquidity offered by market makers. Therefore, liquidity depends only on the availability of buyers and sellers in the market. Regular trading activity observed at one point in time does not guarantee regular trading at any other point in time.

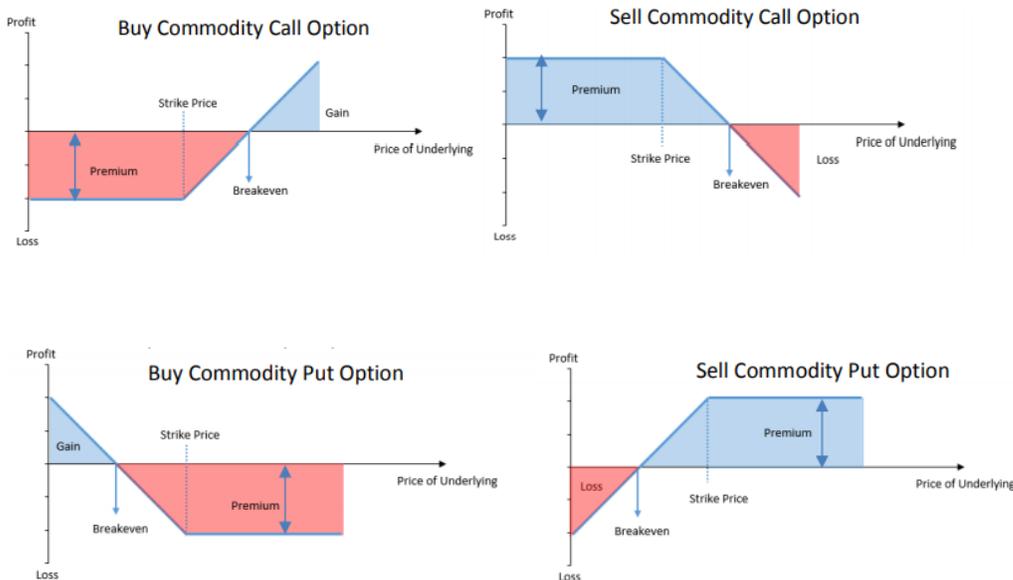
If the intermediary you are facing is unable to pay you what is owed, you could lose your entire investment.

Performance Scenarios

There are a number of types of trading risk, including leverage risk, which you should be aware of before beginning to trade. Information on factors that affect the performance of this product are detailed below including but not limited to:

- ✚ Leverage Risk
- ✚ Unregulated Market Risk
- ✚ Risk of unlimited loss
- ✚ Market disruption risk
- ✚ Margin risk
- ✚ Foreign exchange risk
- ✚ Conflicts of Interest
- ✚ Online trading platform and IT risk
- ✚ Market Risk
- ✚ Counterparty risk

Performance scenarios: These graphs illustrate how your investment could perform. You can compare them with the pay-off graphs of other derivatives. Each of the graphs presented gives a range of possible outcomes and is not an exact indication of what you might get back. What you get will vary depending on how the underlying performs. For each value of the underlying, the graphs show what the profit or loss of the product would be at the expiry of the product. 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.



Buying (or, as the case may be, selling) a call option indicates the view that you think the underlying price will increase (decrease). Buying (Selling) a put option indicates the view that you think the underlying price will decrease (or, as the case may be, increase).

For more specific trading examples in this specific product can be found [here](#).



What happens if the Company is unable to pay out?

In the event that the Company becomes insolvent and is unable to pay out to its investors, Retail Clients may be eligible to compensation of up to €20,000 by the Investor Compensation Fund set up by the Cyprus Securities and Exchange Commission.

For more information please review our [Investor Compensation Fund Policy](https://cdn.fbs.eu/docs/en/investor_compensation_fund_policy_en.pdf)
https://cdn.fbs.eu/docs/en/investor_compensation_fund_policy_en.pdf

The costs will vary depending on the underlying investment options you choose. Specific information can be found <https://www.fbs.eu>

What are the costs?

The Company charges a spread and a commission when an investor trades Options. A spread is the difference between the Sell (“Bid”) and Buy (“Ask”) price of the Option which is multiplied by the deal size. The spread per each underlying asset is detailed on the Company’s website by clicking [here](#). The below table portrays an illustration of types of costs along with their meaning:

What are the costs?		
The table below shows the different types of cost categories		
One-off costs	<i>Spread</i>	This is the difference between the buy and sell price
	<i>Commission</i>	This is a fixed fee charged per contract.
	<i>Currency conversion</i>	The cost of converting Profit or Loss from trades to the currency of your Trading Account
Recurring costs	<i>Swap fees</i>	This is the financing cost in case the client decides to roll back the position to an earlier date or roll over the position to a later date than the maturity date. Depending on whether the position is long or short and the prevailing interest rates of the two currencies of the currency-pair, your account may be credited or debited with the Swap fee.

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

Swaps do not have a recommended holding period and it is to the investors’ discretion to decide the appropriate holding period according to their individual trading strategy and objectives.

How can I complain?

Clients who wish to file a complaint can do so by submitting the complaint form to the below email address: complaints@fbs.eu

The complete complains procedure and the complaint form can be found on the Company’s website.