Key Information Document - Options on Futures (Short Call)

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. This is an English only document, not authorized to be translated into another language.

Product

Short Call Option on Futures. The Options Clearing Corporation ("OCC") is providing this document under EU Regulation No. 1286/2014 for options on futures (a/k/a "futures options"). Futures options are listed and traded on U.S. futures options exchanges registered with the U.S. Commodity Futures Trading Commission ("CFTC") and are issued, cleared and settled by OCC, a CFTC registered derivatives clearing organization. For more information, including the contact details for the U.S. futures options exchanges, investors may visit OCC's website at www.theocc.com or contact OCC at 1-312-322-6200. Updated December 20, 2024.

Alert. **You are about to purchase a product that is not simple and may be difficult to understand.** Investors should not trade futures options until they have read and understood this document and any additional disclosures provided by their broker, the substance of which may include the National Futures Association's ("NFA") Risk Disclosure Statement for Security Futures Contracts, https://www.nfa.futures.org/investors/investor-resources/files/security-futures-disclosure.pdf, and the Futures Industry Association's Uniform Futures and Options on Futures Risk Disclosures, https://lc.fia.org/uniform-futures-and-options-futures-risk-disclosures. Disclosures herein should be interpreted in a manner consistent with these disclosures. Additionally, because the underlying of a futures option is a futures contract, investors should read and understand the relevant Key Information Document for the futures contract underlying the futures option.

What is this product?

Type

A futures option is the right to buy or sell a specific futures contract at a fixed price (*i.e.,* "exercise price") by exercising the option before its specified expiration date. The exposure to the underlying futures contract, and to the interest underlying that future, is therefore indirect because the value of the option is derived from the value of the underlying future. Expiration dates for futures options vary. OCC may not unilaterally terminate the option. In certain extraordinary circumstances, the U.S. futures options exchange may unilaterally terminate the option. A corporate event involving the underlying futures contract or the interest underlying that futures contract may result in a change to the terms of the option pursuant to OCC's rules, which may differ from the methodology used in European markets.

Objectives

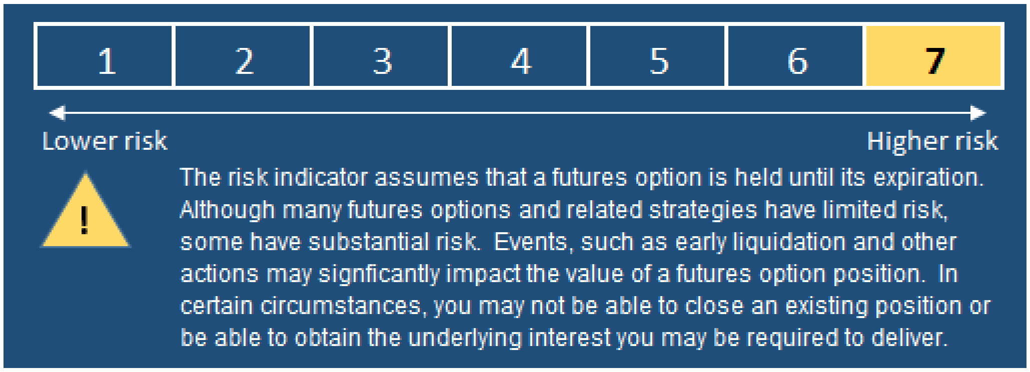
The option holder (buyer) is the person who buys the right conveyed by the option and pays the writer (seller) a nonrefundable payment called the "premium." The option writer is obligated – if and when assigned an exercise – to perform according to the terms to either buy or sell the underlying futures contract at the exercise price. An option that gives a holder the right to buy is a call option, and an option that gives the holder a right to sell is a put option. An American-style option may be exercised by a holder any time prior to expiration while a European-style option may only be exercised during a specified period before expiration (*e.g.,* expiration date). Futures options are generally settled by exercise into the underlying futures contract. This means the writer of a call option, upon exercise, would acquire a short position in the underlying futures contract priced at the option's exercise price. Some futures options may instead be cash-settled, in which case the writer would make a cash payment if, at exercise, the value of the underlying future exceeds the exercise price. Factors affecting a futures option's value include the exercise price, time until expiration, and the value of the underlying futures contract and its susceptibility to price fluctuations (volatility).

Intended Retail Investor

This product is not designed for a specific type of investor or to fulfill a specific investment objective or investment strategy. It is not suitable for all investors and is intended only for investors who have a thorough understanding of the product and can bear the potential losses associated with it and the related investment strategy. If you have questions regarding suitability, you may wish to contact your broker or investment adviser.

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

Risk Indicator

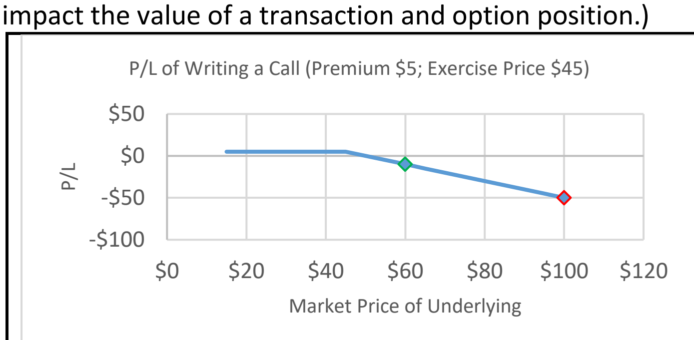


The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you. We have classified this product as 7 out of 7, which is the highest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

The risk and reward profile for holders and writers depends on its terms but may involve the following:

- A writer may be required to fulfill the obligation to buy or sell the underlying any time in which the option is exercisable due to its style. A call option writer who does not own the underlying futures contract (uncovered call) bears the risk of potentially unlimited loss as the price of the underlying interest increases. Writers of such uncovered calls are obligated to post margin (described below) with their broker, which creates additional risk.
- If a U.S. futures options exchange where futures options are solely traded becomes unavailable, investors could no longer engage in closing transactions. Moreover, there may be times when futures options prices will not maintain customary or anticipated relationships to the values of underlying or related interests.
- If the underlying futures contract for an exercised option is unavailable, OCC's rules may require an alternative form of settlement, such as cash settlement.
- Investors should consider the risk and reward profile of the futures contract underlying the futures option as described in the relevant Key Information Document for the underlying futures contract.
- Tax law in the investor's home Member State may have an impact on the investor's return.
- **Be aware of currency risk. Any cash payment associated with the trading or exercise of options will settle in U.S. Dollars, and consequently, investment results may change depending on currency fluctuations. This risk is not considered in the indicator above.**

Performance Scenarios (Examples do not include the costs of commissions, taxes and other transaction costs that may impact the value of a transaction and option position.)



P/L Stressed Market Underlying move (Red Plot Point)

Market Price: $100

- Unfavorable to writer -$50
- Favorable to holder +$50

P/L Moderate Market Underlying Move (Green Plot Point)

Market Price: $60

- Unfavorable to writer -$10
- Favorable to holder +$10

Break Even Point occurs when the underlying price equals the exercise price plus the premium.

The graph illustrates how your investment could perform. You can compare it to the pay-off graphs for other derivatives. The graph presents a range of possible outcomes and is not an exact indication of what you might receive. Investing in this product holds that you think the underlying price will decrease. What you will receive will vary based on how the value of the underlying changes over time which depends on future market performance that is uncertain and cannot be predicted. For two values of the underlying, the graph shows what the profit or loss of the product would be. The horizontal axis shows possible values of the underlying and the vertical axis shows the profit or loss. The figures shown include all the costs of the product itself but may not include all the costs you pay to your advisor or distributor and do not take into account your personal tax situation, which may also affect how much you receive.

What happens if OCC is unable to pay out? OCC's rules are designed so that the performance on all futures options is between OCC and a group of brokerage firms called clearing members that carry the positions of all futures option holders and writers in their OCC accounts. The clearing members must meet OCC's financial requirements for participation and provide collateral for the positions of option writers that they carry. The writer's brokerage firm may require the investor to provide related collateral in connection with the positions, as described below. Through a legal novation process, OCC becomes the buyer to every seller clearing member and the seller to every buyer clearing member. This system is designed to back the performance of options and manage counterparty risk to facilitate the settlement of options trades in the event a clearing member fails to meet its obligations. However, there is still risk OCC may not have sufficient financial resources to settle the obligations and you may suffer loss up to any amount owed to you.

What are the Costs? The person advising on or selling you this product may charge you other costs. If so, this person will provide you with information about these costs and how they affect your investment. Aggregate costs for futures options depend on multiple factors. An option's premium is the cost paid by the holder to the writer. Factors having a significant effect on the premium include, but are not limited to, the underlying interest's value, time until expiration, and exercise price. Options investing involves additional costs that include tax considerations, transaction costs and margin requirements that can significantly affect profit or loss. Transaction costs consist primarily of commissions (which are imposed in opening, closing, exercise and assignment transactions), but may also include margin and interest costs. Margin means the assets required to be deposited by a writer with his brokerage firm as collateral for the obligation, as applicable, to buy or sell the underlying interest or pay the cash settlement amount. If an option is exercised and assigned, a writer may incur additional costs related to the underlying futures contract. Separate from investor costs, OCC charges related fees for clearing this product to its clearing members but not directly to you: https://www.theocc.com/company-information/schedule-of-fees.

Costs Over Time	If you exit
Total Costs	Various
Annual Cost Impact	Various

Composition of Costs		
One-off costs upon entry or exit		Amount (Initial)
Entry Costs (per transaction - opening (entry))	Premium (determined by buyer and seller), Commission (determined by brokerage firm)	Variable
Exit Costs (per transaction - closing (exit))	Premium, Commission	Variable
Ongoing Costs		Amount (at any time)
Management fees and other administrative or operating costs	There is no management fee	N/A
Transaction costs	Margin (requirements are subject to change, and may vary by brokerage)	Variable (ongoing)
Incidental costs taken under specific conditions		
Performance fees	None	N/A

How long should I hold it and can I exit a transaction early (can I take money out early)?
Recommended holding period: None. The decision to exercise a futures option is a key investment decision for a holder, as is the decision for both option holders and writers to close out an existing option position before the option expires or is exercised and assigned by executing a closing transaction. Consequently, investors have the sole responsibility for determining if and when they should exercise their futures options contract(s) or whether to close out an existing position. Investors who close out an existing futures option position forgo any subsequent profit or loss associated with the option. All options have an expiration date after which the option will have no value and will no longer exist. Holders of American-style options who wish to exercise in advance of the expiration date may do so by providing exercise instructions to their broker, pursuant to the broker's process.

How can I complain? Investors may contact OCC at investorservices@theocc.com. Investors may also file a complaint with the Financial Industry Regulatory Authority ("FINRA") (http://www.finra.org/investors/investor-complaint-center), the SEC (https://www.sec.gov/oiea/Complaint.html), the NFA (https://www.nfa.futures.org/basicnet/complaint.aspx), or the CFTC (http://www.cftc.gov/ConsumerProtection/FileaTiporComplaint/index.htm).

FINRA Investor Complaint Center
9509 Key West Avenue
Rockville, MD 20850-3329
Phone: (240) 386-HELP (4357)
Fax: (866) 397-3290

U.S. Securities and Exchange Commission/Office of Investor Education and Advocacy
100 F Street, N.E.
Washington, DC 20549-0213
Fax: (202) 772-9295

National Futures Association
320 South Canal, Suite 2400
Chicago, IL 60606
Phone: 312-781-1300
Fax: 312-781-1467

U.S. Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581
Phone: 866-366-2382
Fax: 202-418-5521