

# KEY INFORMATION DOCUMENT—SHORT POSITIONS IN SINGLE STOCK CALL OPTIONS

## **PURPOSE**

This document provides you with key information about the investment product you are about to invest in. It is not marketing material. The information is required by law to help you understand the nature, risks, cost, potential gains and losses inherent in 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 POSITIONS IN SINGLE STOCK CALL OPTIONS

Manufacturer: Nasdaq Stockholm AB. For more information, go to www.nasdaq.com or call +46 8 405 6000

Competent authority: Swedish Financial Supervision Authority

Date of production: April, 11, 2022

WHAT IS THIS PRODUCT?

**Type:** Derivatives. Stock Options – Calls 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 Swedish Krona (SEK), Danish Krone (DKK), Norwegian Krone (NOK) or Euro (EUR) depending on the currency of the underlying instrument.

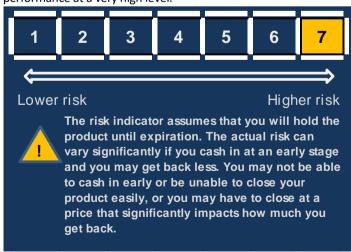
**Objectives:** Sellers (writers) of Call Options (short position) take on an obligation that applies for the duration of the fixed period stated in the Contract Specifications to deliver a specified amount of the underlying asset at a pre-determined price (strike price) if the option is exercised by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

Positions in single stock options can be subject to adjustments due to corporate actions in the underlying stock (e.g. a takeover of the underlying company, a rights issue, etc.). The corporate action policy is available on <a href="www.nasdaq.com">www.nasdaq.com</a>. 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 disproportionally 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 (losses can exceed the premium received). 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 with 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.



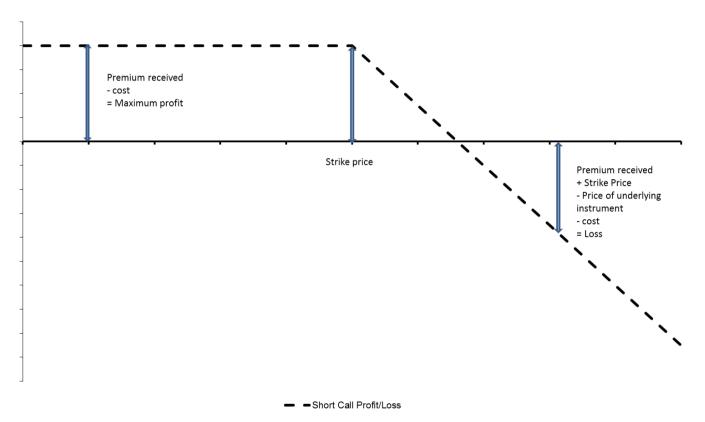
This product does not include any protection from future market performance so you could lose some or all of the premium you have received.

Your maximum loss (short position) depends on whether you own the underlying instrument (covered call options) or not (naked call options). The maximum loss can exceed your received premium.

Holding a position in another currency than your ownmeans that you also 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 the return you could expect. Your return will vary depending on how the underlying instrument performs . For each value of the underlying instrument, the graph shows what the profit or loss would be on the product. The horizontal axis shows the various possible prices of the underlying instrument on the expiry date and the vertical axis shows the profit or loss.

## SHORT POSITION ON CALL OPTION



Selling this product means that you believe the underlying price will decrease.

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 return. The tax legislation of your home state may have an impact on the actual payout.

The profit or loss potential of a Call Option on its expiry date depends on the strike 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 of 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 holding a Short Call at expiration: Step one: Take the price of the underlying instrument less the options strike price. 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 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, 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 of step two by the contract multiplier. The profit or loss on a call option is zero when the underlying instrument has a price that is equal to the strike price plus 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 + received premium

#### WHAT HAPPENS IF NASDAO STOCKHOLM AB IS UNABLE TO PAY OUT?

Nasdaq Stockholm AB is not responsible for paying out on 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 Stockholm AB charges fees which are applied to the exchange trading member. The transaction fee for this asset class is 0.75% of the option premium (fee floor and cap and other conditions apply). The fee schedule is available in the price list on our website: <a href="https://www.nasdaq.com/solutions/rules-regulations-derivatives-rules">https://www.nasdaq.com/solutions/rules-regulations-derivatives-rules</a>

Investment EUR 10,000 or DKK	, NOK, SEK 100,000		
Scenarios	If you cash in after 1 year	If you cash in at the expiry	
Total costs	EUR 150 or DKK/NOK/SEK 1500	EUR 150 or DKK/NOK/SEK 1500	
Impact on return (RIY) per year	-50 %	-50 %	
Composition of Costs: This ta	ble shows the impact on return p	er vear	
		0.75 %: EUR 75 or	The impact of the cost you pay when entering into
One-off costs	Entry cost	DKK/NOK/SEK 750	your investment
		0.75 %: EUR 75 or	
	Exit cost	DKK/NOK/SEK 750	The impact of the cost of exiting your investment
			The impact of the cost of us buying and selling
On-going costs	Portfolio Transaction Cost	Not applicable	underlying investments for the products.
			The impact of the cost we take every year for
	Other on-going-cost	Not applicable	managing your investment.
			The impact of the performance fee. We take these
			from your investment if the product outperforms its
Incidental costs	Performance fees	Not applicable	benchmark.
	Carried interests	Not applicable	The impact of carried interest

The annual performance is assumed to be 3%. 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 by 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. Call 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 position with Call Options can be closed by entering a buy 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 stock classes, expiration months and strike prices) and Corporate Action Policies in Nasdaq Rules and Regulations: <a href="https://www.nasdaq.com/solutions/rules-regulations-derivatives-rules">https://www.nasdaq.com/solutions/rules-regulations-derivatives-rules</a>