

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

Currency Future - Short

Manufacturer: Euronext

www.euronext.com

Competent Authority: Euronext Amsterdam – AFM, Euronext Brussels – FSMA, Euronext Lisbon – CMVM, Euronext Paris - AMF

Document creation date: 2019-12-31

Alert

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

What is this product?

Type

Derivative. Futures are considered to be derivatives under Annex I, Section C of MiFID 2014/65/EU.

Objectives

A futures contract is an agreement to buy or sell an asset on a specified date in the future for a pre-agreed price. Futures can be settled in cash or via physical delivery of the underlying asset; currency futures are settled in cash.

Each futures contract has its own maturity date, after which the product will expire. An open position can be closed at any time before the maturity date, subject to prevailing market conditions and sufficient liquidity, by entering into a closing transaction.

The full contract specifications are available on our website: <https://derivatives.euronext.com/en/fx>. Trading venues reserve the right to propose changes to contracts terms which may in certain circumstances affect open contracts, but these would occur following public consultation or the issuance of a market notice.

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

Summary 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. We have classified this product as 7 out of 7, which is the highest risk class.

Investors can sell futures without first buying them via an opening sell transaction which creates a short position. Sellers make a profit when their futures fall in price, and lose money when their futures rise in price. Sellers can close short positions by buying futures (closing buy), subject to prevailing market conditions and sufficient liquidity. The maximum possible loss from selling futures is potentially unlimited.

The risk of loss when investing in futures can be minimised by buying or selling (as appropriate) the corresponding amount of the underlying asset (a covered position) or closely correlated asset. Additionally, the profit or loss profile of the futures position may need to be analysed in the context of a portfolio where relevant.

When trading futures, the investment needed to open a position is only the initial margin. This margin serves as collateral to ensure that the obligations attached to the futures contract will be met. The margin, which is the same for buyers and sellers, is returned when the position is closed.

Profits and losses are calculated every day and settled immediately in cash on the basis of the closing price of the relevant futures contract. The investor must immediately make up any losses by depositing additional margin, known as variation margin.

Be aware of currency risk. When the product is denominated in a currency other than the home currency of the investor, the return, when expressed in the home currency of the investor, may change depending on currency fluctuations. This risk is not considered in the indicator shown above.

The tax legislation of the retail investor's home Member State may have an impact on the actual investment result.

Performance scenarios

The profit or loss of an individual futures position depends on several factors, including the movement in the value of the underlying asset and whether the investor holds a long or a short position.

The profit or loss profile of an individual future on the expiration date depends on the futures price agreed at the point the contract is concluded and the final settlement price. This is true for all futures irrespective of the type of underlying asset, the price level of the underlying asset, the settlement style of the future, or the level of the futures price agreed at the point the contract is concluded. The profit/loss from closing a futures position before the expiration date is equal to the difference between the futures price agreed at the point the contract is concluded and the futures price agreed at the point the position is closed. The resulting profit or loss profile of the futures position may need to be analysed in the context of a portfolio where relevant, if for example the future has been traded as a risk management tool to hedge other investments or generate extra return.

The characteristics of futures and an explanation of the profit and loss profile is shown below. The examples and the graphs demonstrate the profit and loss profile of an individual future. The graphs illustrate how your investment could perform. You can compare them with the pay-off graphs of other derivatives. The graph 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 will develop. For each value of the underlying, the graph shows 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.

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 get back.

Transaction: Sell future

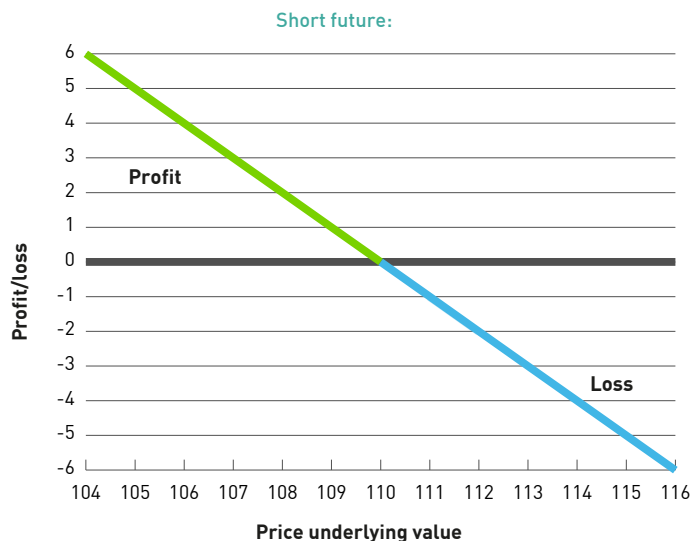
Expectation: Fall in underlying price

Investment: Deposit margin

Risk: Unlimited if the underlying price continues to rise

Yield: Limited to the price of the underlying asset falling to zero

Margin: Required



Profit/loss calculation:

The profit or loss at expiration is calculated by subtracting the final settlement price from the selling price of the future. Futures are priced per unit of the underlying value and the previous calculation determines the result per unit of the underlying value, but the total value of a futures contract depends on the contract multiplier. The total profit or loss of a future is calculated by multiplying the value of the first calculation by the contract multiplier. When the future position is closed before the expiry date (by repurchasing the future) the purchase price should be used instead of the final settlement price.

The profit and loss calculation in formulas:

Total profit or loss: (selling price of the future – final settlement price) * contract multiplier [if relevant].

The profit/loss is zero when the final settlement price or the current price of future equals the selling price of the future.

Examples:

Example 1: when the selling price of the future is 110, the final settlement price or repurchasing price of the future is 107 and the contract multiplier is 200. The profit per unit of the underlying value is: $110 - 107 = 3$ and the total profit of the future is: $3 \times 200 = 600$.

Example 2: when the selling price of the future is 110, the final settlement price or repurchasing price of the future is 112 and the contract multiplier is 200. The loss per unit of the underlying value is: $110 - 112 = -2$ and the total loss of the future is: $-2 \times 200 = -400$.

The profit or loss is zero when the final settlement price or the current price of future equals the selling price.

What happens if Euronext is unable to pay out?

Euronext is not responsible for paying out under the investment and is not within the jurisdiction of an authorised investor compensation scheme. All derivatives traded on Euronext are centrally cleared by CCP LCH S.A.

What are the costs?

Costs over time

Euronext charges fees which are applied to the exchange trading participant/member. The transaction fee or range of transaction fee for this asset class is as follows:

Trading fee per lot	Central Order Book
	Broker Client account
Currency Futures (FED)	€ 1.05
Currency Futures (FPE&FPD)	€ 0.40
Maximum fee per order	€ 160

The tariff and fee schedule is also available in the price list on our website: www.euronext.com/en/trading-fees-charges.

The person selling you or advising you about this product may charge you other costs. If so, this person will provide you with information about these costs.

There are no recurring costs for this product.

Composition of costs

Euronext charges fees which are applicable to the exchange trading participant/member. Details are available in the price list on our website. 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.

Each futures series has its own maturity date, after which the product will expire. Futures can be held until expiration. Whether or not a retail investor chooses to close the contract prior to expiration will depend on their investment strategy and risk profile. A futures position can be closed on each trading day during the lifetime of the future, subject to prevailing market conditions and sufficient liquidity.

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.

Other relevant information

Contract specifications setting out key details of all derivatives traded on our markets are published on our website:

<https://derivatives.euronext.com/en/tx>

Disclaimer: The English language version is the definitive version. In the case of any conflict between the English version and a version in another language, the English version shall prevail.