

# Key Information Document – ETD Options traded on Moscow Exchange’s Derivatives Market (MOEX FORTS)

## 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.

## Product

**Product Name** Exchange Traded Derivative - Option Contract.

**Product Manufacturer** Exchange venue specific to the option traded - Moscow Exchange.

**Website** Contact details specific to the exchange venue - <https://www.moex.com/>.

**Further information** You can find more information about Renesource Capital and our products on our corporate [website](#). You are welcomed to contact us on +371 67 092 737 for more information.

## Alert

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

## What is this product?

### Type

Exchange Traded Derivative ("ETD") - Option Contracts traded on Moscow Exchange's Derivatives Market (MOEX FORTS).

### Objectives

A call option is a contract that gives a right to purchase the underlying instrument at the strike price. A put option is a contract that gives a right to sell the underlying instrument at the strike price. The buyer of the call or put options gets the right to buy or sell at the strike price. Conversely, the seller of the contract call or put options undertakes the obligation to be purchased from or to be sold to at the strike price. The initial value of the contract is a fraction of the underlying value. A small change in the underlying can lead to large gains or losses in the options contract. Buyer of options can lose the entire initial investment. Seller of the option can face **significant or unlimited losses**. If allowed by specification, the contract can be exercised before the expiration date. Call options will likely rise in value if the price of the underlying rises. Put options are likely to rise in value if the price of the underlying falls.

### Intended Retail Investor

This product is intended for investors, who are looking for directional trading, hedging, arbitrage. This is a leveraged product with high chance of 100% loss for long positions and significant or unlimited losses for short positions, which requires a degree of knowledge and experience. Trading these products will not be appropriate for everyone. We would normally expect these products to be used by persons who:

- have a high-risk tolerance;
- hedge underlying asset position;
- are trading with money they can afford to lose;
- have experience with, and are comfortable trading on, financial markets and, separately, understand the impact of and risks associated with margin trading; and
- want to generally gain short term exposures to financial instruments/markets, and have a diversified investment and savings portfolio.

### Not suitable for the following investors

- Investors/ Clients who do not have sufficient knowledge, experience and understanding of risk management basics in margin trading;
- Investors/ Clients who do not want to be subjected to volatile markets;
- Investors/ Clients who do not have sufficient income/ savings therefore cannot afford to lose capital;
- Investors/ Clients who want capital protection

### Term

ETD Options do not have minimum holding period, but may have an expiration date. You decide when to open your position but position may be closed on or prior to last trading day of the underlying. Renesource Capital may close your position without seeking your prior consent if you do not maintain sufficient margin in your account, however Renesource Capital is under no obligation to do this

## 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 these products compared to other products. It illustrates 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 is because there is a very high chance that you could lose more than your initial investment.

Trading result will depend on the exchange rate between your financial instrument account base currency and ETD Options currency (currency risk). This risk is not considered in the indicator shown above.

If your positions are leveraged, values may fluctuate significantly in times of high volatility or market/ economic uncertainty, as a result, margin calls may be made quickly or frequently. In the event of default, Renesource Capital shall seek to immediately terminate, cancel and close-out all of part of any outstanding positions. If you are not a hedger,

ETD Options product does not include any protection from future market performance so you could lose some or all of your investment **In some circumstances you may be required to make further payments to pay for losses. The total loss of short position you may incur may significantly exceed the amount invested.**

The tax regime of the country in which you are domiciled may impact your investment return

### Performance Scenarios

**Buying Call Option** - if client wants to anticipate in an increase in the price level of the underlying instrument, client may find the purchase of a Call Option an appropriate strategy. **Buying Put Option** - if client wants to anticipate in decrease in the price level of the underlying instrument, client may find the purchase of a Put Option an appropriate strategy. In these cases, Client receives the right, but not the obligation, to buy (in Call case) or to sell (in Put case) underlying asset at a specified price (Strike Price) on a specified date in the future (Expiry Date). Client can close his Option Contract in any date before its expiration. The risk is limited by the size of Premium paid (Initial investment).

Tables below illustrate the money you could get back under different scenarios buying option. Let's assume **you choose to buy 10 contract of Call Option** to Sberbank share (SBRF-12.20M181120CA21000) with a strike price at 210, expiration date 18.11.2020 at a cost of 900 RUB. This **gives you the right, but not the obligation, to buy Sberbank shares** at a specified price (Strike Price) on a specified date in the future (Expiry Date) for total notional amount of 210 000 RUB (10cptr\*100\*210). When buying an option the maximum loss is limited with the premium paid (10\*900=9 000 RUB). The below scenarios assume you deposit USD 150 into your account to start trading. USD/RUB rate is 77.50. Current price of Sberbank share is 215 RUB. Trading fee is 1.5 RUB per contract, 15 RUB for position opening and 15 RUB for position closing, total 30 RUB

#### Notional exposure of RUB 210,000 | Investment amount USD 150

Scenarios	What you will lose or gain after costs		Percentage return
	RUB	USD	
<b>Stress scenario:</b> The share's price falls more by 10 RUB and you are waiting for option expiration at 0, USD/RUB rate is the same	-9,030.00	-116.50	-77.33%
<b>Unfavourable scenario:</b> The share's price falls by 5 RUB and you exit the position at 500, USD/RUB rate is the same	-4,030.00	-52.00	-34.66%
<b>Moderate scenario:</b> The share price (and the option price) does not change and you exit the position at 900, USD/RUB rate is the same	-30.00	-0.40	-0.27%
<b>Favourable scenario:</b> The share's price increases by 15 RUB and you exit the position (sell Call option) at 1300, USD/RUB rate is the same	3,970.00	51.23	34.15%

**You choose to buy 10 contract of Put Option** to Sberbank share (SBRF-12.20M181120PA22000) with a strike price at 220, expiration date 18.11.2020 at a cost of 900 RUB. This **gives you the right, but not the obligation, to sell Sberbank shares** at a specified price (Strike Price) on a specified date in the future (Expiry Date) for total notional amount of 220 000 RUB (10cptr\*100\*220). When buying an option the maximum loss is limited with the premium paid (10\*900=9 000 RUB). The below scenarios assume you deposit USD 150 into your account to start trading. USD/RUB rate is 77.50. Current price of Sberbank share is 215 RUB. Trading fee is 1.5 RUB per contract, 15 RUB for position opening and 15 RUB for position closing, total 30 RUB.

### Notional exposure of RUB 220,000 | Investment amount USD 150

Scenarios	What you will lose or gain <b>after costs</b>		Percentage return
	RUB	USD	
<b>Stress scenario:</b> The share's price <b>increases</b> by 10 RUB and you are waiting for option expiration at 0, USD/RUB rate is the same	-9,030.00	-116.50	-77.33%
<b>Unfavourable scenario:</b> The share's price <b>increases</b> by 5 and you exit the position at 500, USD/RUB rate is the same	-4,030.00	-52.00	-34.66%
<b>Moderate scenario:</b> The share price (and the option price) does not change and you exit the position at 900, USD/RUB rate is the same	-30.00	-0.40	-0.27%
<b>Favourable scenario:</b> The share's price <b>falls</b> by 15 RUB and you exit the position (sell Call option) at 1300, USD/RUB rate is the same same	3,970.00	51.23	34.15%

The tables 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 and on contract parameters. Currency rates (USD/RUB and EUR/RUB) affects to your result too. Leverage can significantly magnify your gains and losses.

**Selling Call Option** – the seller of Call Option receives payment (the premium) from the buyer of the Call Option in return **for the obligation of taking a short position** in underlying asset at the exercise price if the Option is exercised. **Selling Put Option** – the primary motivation for selling Put Options is, again to earn the premium. Seller of Put Option **is obliged to take a long position** in underlying asset. **Option seller's risk is unlimited.** Option seller must post margin to maintain its positions (not less than 1 000 USD in the scenario above) and may be required to meet margin calls. If you do not meet your margin call, we may close-out all or part of your outstanding positions (immediately and prior without notice) and you will realise any losses. You could, therefore, **lose more than your entire investment.**

## What happens if Product Manufacturer is unable to pay out?

The Product Manufacturer is the Moscow Exchange. This is a client's risk. If Product Manufacturer or Counterparty is unable to meet its financial obligations, this could cause you to lose the value of any ETD contract you have with Renesource Capital. Should the segregation fail, Renesource will claim funds return from Manufacturer/Counterparty, but it does not guarantee positive outcome.

## What are the costs?

Information below illustrates the different types of costs involved when you trade ETD options:

<i>One-off costs</i>	
<b>Trading fee</b>	From 1.50 RUB + exchange, regulatory, clearing and settlement fees. For clearing and settlement check the fees with the exchange and clearing house.
<b>Exercise fee</b>	From 0.00 RUB + exchange, regulatory, clearing and settlement fees to significant amounts (depending on the underlying)
<b>Currency conversion</b>	A currency conversion rate is charged if dealing in a currency other than your account currency.
<i>Other costs</i>	
<b>Trading infrastructure fee</b>	Varies. Starts from 0.00 RUB when placing orders via phone (phone call). Platform fee – 0.00 RUB to 300 RUB per month. Market data fee – 0.00 RUB per month
<b>Account Maintenance fee</b>	Fees for deposit and withdrawal to/from Financial Instrument account. Please refer to our corporate website for <a href="#">detailed fee schedule</a>

Before you begin to trade ETD Options, you should familiarize yourself with all charges, fees and other commissions for which you will be liable. These charges will reduce your net profit or income and increase your losses.

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

This product generally has no fixed term and will expire when you choose to exit the product or in the even you do not have available margin. You should monitor the product to determine when the appropriate time is to exit. Expiration date is given in contract specification. You can exit the positions prior to expiration at any time.

## How can I complain?

If you as a client or a prospective client of Renesource Capital have raised a question or an issue with Renesource Capital for example with your account manager or another employee of Renesource Capital without receiving a satisfactory answer you may file a complaint with Renesource Capital as per below.

Attn: Complaints, Renesource Capital AS IBS, 15A Dantes street, Riga, Latvia, LV – 1005 or by e-mail to: [complaints@renesource.com](mailto:complaints@renesource.com). If you are not satisfied with the response to your complaint, you may file a complaint directly with the Latvian Financial and Capital market commission, Kungu street 1, Riga, Latvia, LV-1050 or by e-mail: [fktk@fktk.lv](mailto:fktk@fktk.lv), [www.fktk.lv](http://www.fktk.lv)