

Packaged Retail and Insurance-based Investment Products ("PRIIPs") Regulation – Key Information Document ("KID"): Hong Kong Futures Exchange Long Call Options Contracts

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 covered by this KID: Long Call Options Contracts available for trading on the Hong Kong

Futures Exchange

Name of product manufacturer: Hong Kong Futures Exchange Limited ("HKFE")

Website of product manufacturer: www.hkex.com.hk
More information: Call +852 2522 1122 for more information

Competent Authority: Securities and Futures Commission (http://www.sfc.hk)

Date of production of the KID: 4 January 2018

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

What is this product?

Type: Long Call Options Contracts (with stock index or currency as their underlying asset)

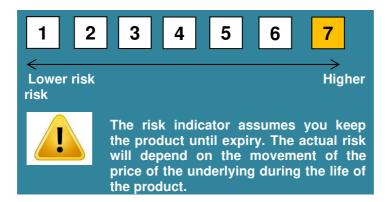
Objectives: This is a derivative contract under which you agree to buy from a counterparty a contract that gives you the right, but not the obligation, to buy from your counterparty: an entitlement to the underlying asset at a future date (in relation to Options Contracts that exercise into an underlying asset); or an exposure to the price of the relevant underlying asset (for cash settled Options Contracts). The value of the Options Contract will be linked to the price of the underlying asset – see "Performance Scenarios" below for further information.

Intended retail investor: Retail investors should carefully consider whether trading this product is appropriate for them in light of their experience, objectives, financial resources and other relevant circumstances as considerations specifically relevant to retail investors have not been taken into account in the design of the product.

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

Risk Indicator -

This product is rated as a **7 out of 7** on the basis of the risk chart below.



The summary risk indicator is a guide to the level of risk of this product. 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. We have classified this product as 7 out of 7 because this product is complex, and there is a risk that you could lose all of the money you invested. This rates the potential losses from future performance at a very high level.



Be aware of currency risk. For Currency Options Contracts, you may receive payments in a different currency so the final return you will get may depend on the exchange rate between the two currencies. This risk is not considered in the indicator shown above.

Transactions in Options Contracts carry a high degree of risk. You should calculate the extent to which the value of the Long Call Options Contracts you purchased must increase for your position to become profitable, taking into account the premium and all transaction costs payable. If your Long Call Options Contracts expire worthless, you will suffer a total loss of your investment which will include the option premium and transaction costs. If you are contemplating purchasing deepout-of-the-money Call Options Contracts, you should be aware that the chance of such options becoming profitable ordinarily is remote.

Performance Scenarios -

The graph assumes a long call position with a strike price of HKD \$2,000 has been bought for HKD \$200.

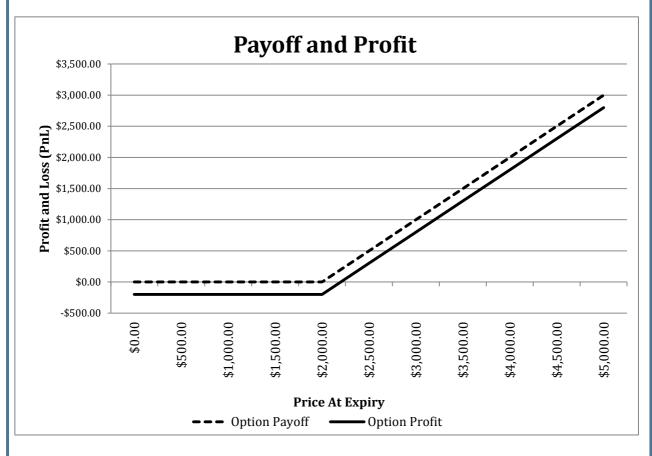
The graph presented gives a range of possible outcomes and is not an exact indication of what you might get back. What you get will vary depending on how the underlying will develop. For each value of the underlying, the graph shows what the profit or loss of the product would be. The horizontal axis shows the various possible prices of the underlying value on the expiry date and the vertical axis shows the profit or loss.

Buying this product (i.e. buying a call option) means that you think the underlying price may increase.

Your maximum loss under the product would depend on the movement of the price of the underlying asset and could be your total investment if the product expires worthless.

The figures shown include all the costs of the product itself, but do not include any transactional costs that you pay to your broker. The figures do not take into account your personal tax situation, which may also affect how much you get back.

The graph below illustrates how your investment could perform. You can compare it with the payoff graphs of other derivatives.





What happens if HKFE is unable to pay out?

HKFE is a market operator and will not be a counterparty to the Contracts entered into by its Participants. This product is registered and cleared by HKFE Clearing Corporation Limited ("HKCC"), a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited. HKCC acts as the counterparty to the Contracts, which effectively eliminates counterparty risks between its Participants. HKCC's acting as central counterparty does not cover any Participant's obligations to its clients. Investors should exercise due care and diligence when deciding through whom they will conduct business. There are circumstances where investors may face a financial loss due to the default of the broker. Please refer to your broker for further information, including whether it will be possible to claim under any investor compensation scheme in the event of your broker's default. We suggest you consult with your broker to confirm what arrangements may apply in the event of their default and potential options for mitigating your risks of loss in such circumstances.

What are the costs?

HKFE does not charge retail clients directly. The person selling you or advising you about this product (your broker) may charge you other costs. If so, this person will provide you with information about these costs, and show you the impact that all costs will have on your investment over time. In the interests of transparency, details of trading and clearing fees that your broker pays when trading on HKFE can be found here: http://www.hkex.com.hk/Services/Rules-and-Forms-and-Fees/Fees/Listed-Derivatives/Trading/Transaction?sc_lang=en.

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

Recommended holding period: There is no recommended or minimum holding period. HKFE Options Contracts have a range of expiry dates which you can choose or you can close out your position in the open market before expiry. Which expiry date to choose and whether or not to hold until expiration will depend on your investment strategy and your risk profile. Please speak to your broker for further information.

How can I complain?

In the first instance we recommend you speak to your broker in relation to any complaints. Complaints to HKFE can be made by mail, email, fax or via hotline. The complaint should include sufficient information to allow HKFE to properly identify the trade(s) or activity complained of and establish the basis for any complaints alleged loss. Details of HKFE's procedure available are http://www.hkex.com.hk/Global/Exchange/Contact?sc lang=en. Complaints regarding intermediaries, including Participants of HKFE, can also be made to the Securities and Futures Commission. Details of Securities and Futures Commission's complaints procedure set http://www.sfc.hk/web/EN/lodge-a-complaint/.

Other relevant information

For further details on our market, our rulebook and product and clearing specifications please see http://www.hkex.com.hk/Services/Rules-and-Forms-and-Fees/Rules/HKFE/Rules?sc lang=en or speak to your broker.