

KEY INFORMATION DOCUMENT

EQUITY OPTION CONTRACT – LONG CALL, LONG PUT

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

Name of the product: An option contract – long call and long put – based on the price of a share, hereinafter referred to as the 'Product'.

PRIIPs Manufacturer: : XTB Limited, Pikioni 10, Building: Highsight Rentals Ltd, 3075, Limassol, Cyprus, hereinafter referred to as "XTB"

ISIN/UIP code: Not applicable

Website: www.xtb.com/cy

Further information: For more information, please call : +357 25724350

Competent authority for supervising XTB Limited in relation to this key information document is: Cyprus Securities and Exchange Commission ('CySEC'), 19 Diagorou Str. CY-1097 Nicosia, Cyprus.

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

WHAT IS THIS PRODUCT?

TYPE

The long call/long put option contract (the Product) is a derivative instrument. This means that its price depends on the price of the underlying instrument. The Product employees derivative to increase exposure to the underlying asset (the cost of opening a position is lower than the notional value of the option contract).

TERM

The Product does not have a recommended holding period, and the Investor may terminate the investment in the Product at any time before the Product's maturity by selling the Product. Such a decision does not involve any extraordinary costs other than the standard costs of closing the position.

OBJECTIVES

The objective of the Product is to allow the Investor to benefit from changes in the price of the underlying instrument without owning it.

In a long call option contract, the Investor is the Buyer of a call option issued by the Issuer – XTB, whereas in a long put option contract, the Investor is the Buyer of a put option. A long call (long put) allows the Investor to open a long (short) position in the underlying instrument, meaning the Investor can achieve a profit if the price of the underlying instrument rises (falls) above (below) the strike price, minus the option premium paid at the time of entering the transaction. The Product is available in two types based on the exercise date: a) American option – the Buyer has the right to exercise the option at any time up to and including the expiration date, or b) European option – the Buyer may exercise the option only at the expiration date. Settlement of the option is made in cash (without physical delivery of the underlying instrument).

The Investor has the freedom to choose the underlying instrument on which the option is written, as well as the strike price and the expiration date of the option contract. At the time of entering into the transaction, the Buyer of the option pays the option premium (the price of the option), which is also the maximum loss the Buyer can incur. The value of the purchased option changes as a result of, among other factors, current and expected changes in: the price of the underlying instrument, the level of volatility of the underlying instrument, interest rates, the dividend rate, and the approaching expiration date of the option.

The return on investment in the Product depends on the option premium paid, the price of the underlying asset at the time of exercise, and the agreed strike price. If the Investor exercises a call option, they will receive the higher of: a) the price of the underlying instrument at the time of exercise minus the agreed strike price, or b) zero. In the case of a put option, the Investor will receive the higher of: a) the strike price minus the price of the underlying instrument at the time of exercise, or b) zero.

The return in the case of selling the purchased option on the market depends on the initially paid premium and the price of the option at the time of its sale. The financial outcome profile of the Product is not symmetrical with respect to changes in the price of the underlying instrument. The maximum profit for a put option is the strike price, whereas for a call option it is theoretically unlimited. The loss, however, for both call and put options cannot exceed the amount of the option premium.

INTENDED RETAIL INVESTOR

The Product is not suitable for every investor. The Product is intended for an individual investor who understands the principles of derivative instruments and the risks associated with them. The Investor must be able to bear the risk of a potential loss up to the amount of the option premium, even over a short time horizon. The Product may be used for investment purposes, speculation, portfolio diversification, as well as for hedging exposure to the underlying instrument.

WHAT ARE THE RISKS AND WHAT COULD I GET IN RETURN?

SUMMARY RISK INDICATOR



The risk indicator assumes that you will hold the product for 3 months. If you sell the investment before that time, the actual risk could be significantly different, and your return may be lower. You may not be able to liquidate the product easily, or you may have to sell the product at a price that substantially affects the return you obtain.

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. This means that potential losses from future performance are assessed as very high, and poor market conditions are very likely to impact our capacity to pay you. **The maximum loss you can incur is limited to the amount invested. Be aware of currency risk. You may receive payments in a different currency, so the final return you will get depends on the exchange rate between the two currencies. This risk is not taken into account in the indicator shown above.** This product does not include any protection from future market performance, so you could lose some or all of your investment. If we are not able to pay you what is owed, you could lose your entire investment. You may however be eligible for a consumer protection scheme (see the section 'What happens if XTB is unable to pay out?'). This protection is not included in the summary risk indicator shown above.

PERFORMANCE SCENARIOS

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 the amount of return you get. **The final return on your investment in this product depends on future market performance. Future market developments are uncertain and cannot be predicted with accuracy. The scenarios shown, unfavorable, moderate and favourable, are illustrations using the worst, average and best performance of the product. The scenarios presented are based on past performance and certain assumptions. Future market conditions could differ significantly. The stress scenario shows what you might get back in extreme market circumstances.**

The scenarios shown illustrate how your investment could perform. You can compare them with the scenarios of other derivative products. Buying this product in the case of a long call means that you believe the price of the underlying instrument will rise, while in the case of a long put it means that you believe the price of the underlying instrument will fall. Your maximum loss would be that you lose all of your invested capital.

Recommended holding period: None

Example investment: 10,000¹ EUR (nominal value of the investment)

If the investor holds the options for 3 months until the option maturity date.

Assumed EUR/USD exchange rate: 1.1608

An example is the AAPL option with a maturity date of November 21, 2025, and a strike price of 225 USD.

The entry markup is 0.25%, and the exit markup in the event of option exercise is waived.

The number of options in the portfolio is selected to reflect the investment value of 10,000 EUR as accurately as possible, taking into account the option price and commission. This may result in the purchase of a fractional number of options.

SCENARIO		LONG CALL	LONG PUT
Stress	Final investment value after costs	-10 000 EUR	-10 000 EUR
	Average return each year	-100%	-100%
Unfavourable	Final investment value after costs	-10 000 EUR	-10 000 EUR
	Average return each year	-100%	-100%
Moderate	Final investment value after costs	-3 740.72 EUR	-10 000 EUR
	Average return each year	-37.41%	-100%
Favourable	Final investment value after costs	42 798.83 EUR	6658.75 EUR
	Average return each year	427.99%	266.59%

Information on the conditions for retail investors' returns or on any built-in performance constraints. Exiting the investment in the Product does not involve any extraordinary costs. The range of potential returns for this Product is described in the section 'What is this product?'. **The tax legislation of the investor's home Member State may affect the amount actually received.**

WHAT HAPPENS IF XTB IS UNABLE TO PAY OUT?

The investor can incur a financial loss related to the Company's failure to perform an obligation. In the event of the Company's insolvency, investors are entitled to claim compensation from the Investors Compensation Fund (ICF) which covers eligible investments up to EUR 20,000 per retail client. The Company is a member of the Investor Compensation Fund and more information can be found here. The Company clarifies that all retail client funds are segregated from the Company's own funds in accordance with our regulatory requirements.

WHAT ARE THE COSTS?

Costs over Time

The tables show the amounts taken from the investment to cover different types of costs. These amounts depend on the size of the investment and the holding period of the Product. The amounts shown are illustrations based on a nominal investment amount and different investment periods.

We have assumed that:

- an investment of 10,000 EUR (nominal value of the position) was made
- the product's performance is in line with the holding period shown
- a position was opened and closed on the market (without exercising the option)
- the option price did not change between the time the position was opened and closed

If the position is closed after 1 year:

- total costs: 50 EUR
- impact of costs per year: 0.5%

COSTS STRUCTURE

One-off costs upon entry or exit	
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¹ The potential return (average annual return on investment) is calculated as a percentage relative to the reference amount (notional value), i.e.: (net profit or loss) / reference amount – 1, in accordance with the formula set out in Commission Delegated Regulation (EU) 2021/2268.

Entry costs	We do not charge an entry free.	0%
Exit costs	We do not charge an exit fee.	0%
ONGOING COSTS		
Management fees and other administrative or operating costs	There are no management fees or other administrative or operating costs.	0%
Transaction costs	The value of the spread charged when purchasing the option (Product).	(25 EUR) 0.25%
Transaction costs	The value of the spread charged when selling the option (Product).	(25 EUR) 0.25%
INCIDENTAL COSTS TAKEN UNDER SPECIFIC CONDITIONS		
Performance fees	We do not charge fees for the exercise of the option.	0%

HOW LONG SHOULD I HOLD IT AND CAN I TAKE MONEY OUT EARLY?

The Investor may terminate the investment in the Product at any time, bearing in mind that the option contract expires at its maturity date. Such a decision does not involve any extraordinary costs other than the standard costs of closing the position.

Recommended holding period: none

The Investor independently determines the holding period of the Product (not exceeding the option's expiration date).

Withdrawal period

The Investor may withdraw from a transaction on the Product by submitting a withdrawal statement if the transaction was concluded at an incorrect price and XTB confirms the error based on prices from a specified number of reference institutions. Detailed rules, including the withdrawal period for a transaction concluded at an incorrect price and the method of determining the incorrect price, are set out in the Terms of Service.

Early sale

The Investor independently determines the holding period of the Product, provided that it does not exceed the expiration date, which is dictated by the characteristics of the option. Closing the position does not result in any extraordinary fees or penalties and does not change the risk profile of the Product. Closing the position is possible during the trading hours of the Product.

Consequences of selling the product early or before the end of the recommended holding period

The Investor may terminate the investment at any time. Such a decision does not involve any extraordinary costs.

HOW CAN I COMPLAIN?

The investor can submit a complaint to XTB regarding the Products and services offered by XTB. Complaints regarding services provided by XTB can be lodged exclusively: (1) by sending by post or delivering in person a letter which will include all of the following information: Name, Surname, Passport Number, Country of Residence, Legal Entity Name, Trading Account Number, Postal Address, City, Telephone Number including country Code, Email, Date of the complaints' event, Name of Employee (if applicable) and the Description of the Complaint, to the following address: XTB Limited, Building: HIGHTSIGHT RENTALS LTD, Pikioni 10, 3075 Limassol, Cyprus (2) electronically, by submitting the Complaints Form electronically via the Company's Client Portal. Detailed rules regarding review of complaints are specified in the Regulation for the provision of services of brokerage services. Detailed information regarding the method and principles of lodging the complaints are available in the Complaints Procedure for clients published on Company's website.

OTHER RELEVANT INFORMATION

All additional documents containing comprehensive information regarding the product, including detailed information regarding fees and product features, are presented on the website (including sub-pages): <https://www.xtb.com/cy/trading-services/account-information/account-types>

