

# KEY INFORMATION DOCUMENT (KID)

## OPTION CONTRACTS – Generic

### 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, costs, risks and rewards of this product and to help you compare it with other products.

### Product

Designation: **OPTION CONTRACTS**

Seller: DIF BROKER - Sociedade Financeira de Corretagem, S.A. (“DIF Broker”): DIF BROKER markets this product as a result of a trading agreement with Saxo Bank A / S, a financial entity supervised by the Danish Financial Services Authority.

Dif Broker’s Contacts: For further information, you may contact DIF Broker on +(351) 211 201 595. Website: [www.difbroker.com/en](http://www.difbroker.com/en)

Supervisory authority: Portuguese Securities Market Commission, CMVM.

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### Alert

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

### What is this product?

**Product:** The Option Contract is a contract that assigns a right to purchase (call) or sell (put) of an asset (underlying asset) at a given price (strike price). The seller thus assumes an obligation to sell (put option) or to buy (call option) the asset. The buyer has the right, but not the obligation, to buy (if the option is to call) or to sell (if the option is to put) the asset. The asymmetry of rights and obligations between seller and buyer is offset by the payment of a price (premium) by the buyer to the seller. The exercise of right can be done exclusively on the deadline (European style options) or over the full term (American style options). The options may be subject to physical settlement (situation in which the seller delivers the goods sold) or financial settlement (situation in which there is no physical delivery of the goods, but only a settlement based on the market price of the asset at the date of sale). sale off). Option contracts allow either party to reverse its contractual position by doing a reverse transaction.

Additional information about the features of this product can be found at [www.difbroker.com](http://www.difbroker.com) as well as in the pre-contract information document provided by DIF Broker at the time of account opening and also available at [www.difbroker.com/en](http://www.difbroker.com/en).

### Objectives:

Trading an Option Contract aims to secure a certain profit or avoid a loss by reference to fluctuations in the underlying asset, time, implied volatility and other market data of the financial product or instrument (vg, security, commodity or index). Accordingly, the investor may realize gains or losses as a result of price or value movements related to the underlying product or financial instrument to which it will have indirect exposure. For example, the purpose of trading an Exchange Option Contract is to gain exposure to fluctuations related to currency pairs. Its return depends on the range of performance (or movement) of the underlying instrument and the size of its position.

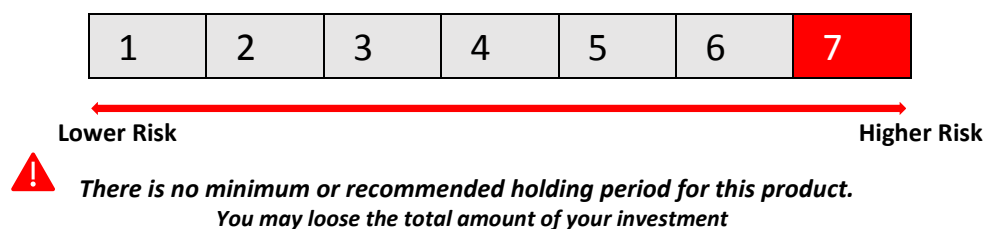
**Intended retail investors:** Trading this product will not be appropriate for everyone. DIF Broker considers that Options are appropriate for retail investors who have the following characteristics:

- **Knowledge and experience:** have high knowledge in capital markets and proven experience in trading complex financial instruments;
- **Financial situation:** have a financial situation that allows the loss of the initial investment;
- **Risk tolerance:** Seek speculative and high return investments, but understand the associated increased risks;
- **Objectives and needs:** seek investments in the very short term and always less than one year; Aim hedging and speculation.

**Maturity:** Options are performing products and generally have no recommended maintenance period. Option contracts have variable maturities. At maturity, the investor has the option of choosing the exercise method that will apply if the option expires in-the-money. Option contracts will be settled on their maturity date.

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

Risk Indicator



The above simplified risk indicator is a guide to the risk level of this product compared to other products. It shows the likelihood of loss of money either from the product due to market movements or the impossibility of repaying the investor. This product is rated 7 out of 7, which corresponds to the highest risk class. Potential losses from future performance are rated at a very high level. **Be aware of exchange rate risk as the investor may receive payments in a different currency, so the final return will depend on the exchange rate between the two currencies. This risk is not considered in the indicator presented above.** Trading risks are increased by leverage: the total loss an investor may incur may amount to the full amount invested, but not superior amount. Values may vary significantly in times of high volatility or market / economic uncertainty; Such fluctuations are even more significant if investor positions are leveraged and may also adversely affect their position. Values may vary significantly in times of high volatility or market / economic uncertainty; Such fluctuations are even more significant if investor positions are leveraged and may also adversely affect their position. Trade only after recognizing and accepting the risks. The investor should carefully consider whether trading complex products is right for him.

Options are subject to market liquidity risk and the availability of liquidity provided by market makers. The investor may undo its position at any time during the opening hours of the market where the Option is listed, under normal market conditions.

### Performance Scenarios:

There are several types of trading risk, including leverage risk, which you should be aware of before you start trading. Factors affecting the performance of this product include, but are not limited to;

- Leverage risk
- Liquidity risk
- Unlimited loss risk
- Margin risk
- Currency risk
- Market risk
- Unregulated market risk
- Market risk of the underlying asset.
- Risk of market disruption
- Counterparty risk
- Online trading platform and information technology risk
- conflicts of interest
- Taxes / Tax Procedures applicable according to investor typology and / or nature of capital gains / income

The investor may incur the loss of the total amount invested. These losses are more pronounced and are related to the speed of price depreciation of the underlying assets in the timeframe between the position opening date and the option contract closing date. The investor may incur unlimited earnings. These gains are more pronounced and are related to the speed of price appreciation of the underlying assets in the timeframe between the purchase date and the sale date of the Option contract.

Specific examples of trading on Options can be found [here](#).

### What happens if DIF Broker is unable to pay out?

DIF Broker is a fully accredited Portuguese Brokerage company and is a member of The Investor Compensation Scheme ([http://www.cmvm.pt/en/investor\\_area/SistemaDeIndemnizacaoAosInvestidores/Pages/default.aspx](http://www.cmvm.pt/en/investor_area/SistemaDeIndemnizacaoAosInvestidores/Pages/default.aspx)); The Investor Compensation Scheme (“Sistema de Indemnização aos Investidores” or “SII”) is a legal entity, established under the terms of Decree-Law 222/99 of 22 June, which operates jointly with the Portuguese Securities Market Commission (CMVM). Its aims are to protect small investors. In the unlikely event that DIF Broker is declared bankrupt, SII covers cash amounts, securities and margin positions as follows. Securities, for example stocks, held in an individual custody account will be returned to the owner, irrespective of a winding-up order. In the unlikely event that DIF Broker is unable to return the securities held in safe-custody, administered or managed, cash or margin positions, SII as a rule covers losses of up to EUR 25,000 per investor. For more information, you can visit Portuguese Securities Market Commission, CMVM at <http://www.cmvm.pt/en/Pages/homepage.aspx>. If the person advising or selling to you is not DIF Broker directly please contact them directly.

DIF Broker as a distributor of Saxo Bank A / S products or other financial counterparties, in due diligence, monitors and selects solvency and liquidity counterparties to minimize the impact of counterparty risk.

If the entity that advises or sells you these products is not DIF Broker, please contact that entity directly.

## What are the costs:

Before you begin to trade Options you should familiarize yourself with all one-off, ongoing, and incidental costs for which you will be liable. These charges will reduce any net profit or increase your losses. For more information please visit our website <https://www.difbroker.com/en/#pricing>

This table illustrates the different types of costs you may incur when investing in Options:		
One-off costs	Spread	The difference between the bid (sell) price and the offer (buy) price. Spread is dependent on many different factors, including but not limited to, the underlying liquidity and volatility, time of day and notional trade size.
	Comission	The fee charged for the service of carrying out the transaction, subject to a minimum fee on small notional trade sizes.
	Premium Currency Conversion	The fee charged for converting premium from the instrument currency to the account currency
	Profit/Loss Currency Conversion	The fee charged for converting realized profit/loss from the instrument currency to the account currency
On-going costs	Financing of unrealized profit/loss (Financing Interest)	Any unrealized profit/loss that is rolled from one day to the next is subject to an interest credit or debit.
Incidental costs	-	-

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

### Recommended holding period: NO RECOMMENDED HOLD PERIOD

Options has no recommended holding period. During the exchange trading periods defined for this purpose, you can enter and exit positions at any time.

## How can I complain?

As a customer or potential customer of DIF Broker, if you have raised a question or identified a problem with DIF Broker, for example with a DIF Broker employee who has not received a satisfactory response, you may file a complaint with the I) Personally, by going to any of the offices of DIF Broker and making use of the Complaints Book available for this purpose, in physical and electrical versions or (ii) by electronic means, by directing your complaint to [claims@difbroker.com](mailto:claims@difbroker.com) by completing the Complaints Form, if you choose to email us, or at 211 201 599, if you choose to fax. If you are not satisfied with the response to your complaint, which should be answered within 15 days, you may be still file a complaint directly with:

- Securities Market Commission, CMVM: Laura Alves Street, No. 4, 1064-003 Lisbon, through the CMVM website - Investor Support [Here](#).
- Lisbon Consumer Conflict Arbitration Center, personally - Rua dos Douradores, nº 116 - 2º, 1100-207 Lisbon; By Phone - Support Line +351 21 880 70 30; By email - [juridico@centroarbitulholisboa.pt](mailto:juridico@centroarbitulholisboa.pt) or [director@centroarbitaduralisboa.pt](mailto:director@centroarbitaduralisboa.pt); Online <http://www.centroarbitulholisboa.pt>/If you as a client or a prospective client of DIF Broker have raised a question or an issue with DIF Broker for instance with your account manager or another employee of DIF Broker without receiving a satisfactory answer, you may file a complaint with DIF Broker as per below. Attn: Complaints, DIF Broker, Sociedade Financeira de Corretagem, S.A. Rua António Cardoso, nº 613, loja 8, 4150-083 Porto, Portugal Or by e-mail to [hdesk@dif.pt](mailto:hdesk@dif.pt).

If you are not satisfied with the response to your complaint, which should answered within 15 working days, you may file a complaint directly either with:

- the Portuguese Securities Market Commission, CMVM:Rua Laura Alves, n.º4 , 1064-003 Lisbon; Online [http://www.cmvm.pt/en/Investor\\_area/investor\\_relations/Pages/Investor-assistance-intro.aspx](http://www.cmvm.pt/en/Investor_area/investor_relations/Pages/Investor-assistance-intro.aspx) Arbitration Center of Consumer Conflicts of Lisbon, In person – Rua dos Douradores, nº 116 – 2º , 1100-207 Lisbon; By telephone - Support line +351 21 880 70 30; By email – [juridico@centroarbitragemlisboa.pt](mailto:juridico@centroarbitragemlisboa.pt) or [director@centroarbitragemlisboa.pt](mailto:director@centroarbitragemlisboa.pt) ;Online <http://www.centroarbitragemlisboa.pt/>

## Other Relevant Information:

For more detailed information you may want to consider visit our webpage [www.difbroker.com/en](http://www.difbroker.com/en).