KEY INFORMATION DOCUMENT

PUT OPTIONS

ITI CAPITAL

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.

GENERAL PRODUCT INFORMATION - PUT OPTIONS

Put Options may be traded with different expiries and strikes:
(a) with American style (Exercise at any time) or **(b)** with European style (Exercise only on expiry).
They can be either cash or physically settled. Further information is available from the relevant Exchange.
Alternatively, you can contact our customer service team.

Product Manufacturer: The relevant Exchange e.g. Eurex Deutschland for DAX Index options **www.eurexchange.com**.
Other products and/or Exchange details available on request from our customer service team.

Product Distributor: ITI Capital Limited ("ITIC"), authorised and regulated by the Financial Conduct Authority in the United Kingdom.
FCA Firm Registration Number 171487.

Further information: You can find out more about ITIC's products on our website **www.iticapital.com** or by contacting our dedicated customer service team on 020 3889 8333 or by email **customerservice@iticapital.com**

This document was last updated on 1st January 2018.

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

WHAT IS THIS PRODUCT?

TYPE

A put option is a derivative based contract. A derivative is a financial contract that derives its value from the value of another underlying instrument.

OBJECTIVES

A put option with American style is a derivative contract that attributes to the Buyer (long position) the right, but not the obligation, to sell a pre-determined quantity of a financial or real asset (the "Underlying" asset) at a pre-determined price (the Strike price), until a pre-determined future date (the Expiry date). The right can be exercised at any time up to the expiry date. In the case of European style options, the right can be exercised only at the Expiry date. The Seller (short position) of an option sells the right to sell to the Buyer. This Product creates a leveraged exposure to movements of the Underlying. The relationship between the value of this Product and the Underlying value at expiry is non-linear. Before the Expiry date, the value of the Product depends on the value of the Underlying, expectations on the price volatility of the Underlying, expectations on interest rates, remaining time to Expiry and the Strike price. Positions on this Product can be opened and closed on any day when the relevant Exchange is open for trading, during its trading hours, up to and including the Last Trading Day. The Buyer and Seller have opposing expectations on how the value of the option's price will develop. The Buyer will pay, and the Seller receive, a premium (price paid to open the position) on opening a position. The Buyer of a put option expects that upon the option's expiration or closure the underlying asset's price will be lower than the sum of the option's strike price minus the option's premium. The Seller of a put option expects that upon the option's expiration or closure the underlying asset's price will be higher than the sum of the option's strike price minus the option's premium.

In case opened positions are maintained until the Expiry date, for each owned standard contract traded the Buyer's payoff will be equal to the product of: the size of the Standard Contract ('Size') and the higher between zero and the difference between (a) the Strike price and (b) the Underlying price at the Expiry date (Settlement price), minus the price paid by the Buyer of the option to open the position ('Premium') and the total costs paid:

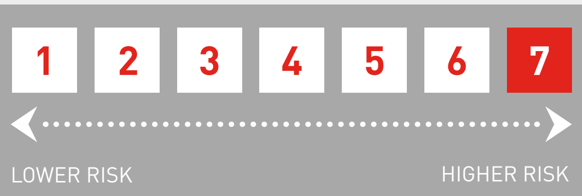
Size x [max (Strike - Settlement Price - 0)] - Premium - Total costs
while the Seller's payoff will be symmetrical to the Buyer's payoff and equal to:
Premium - Size x [max (Strike - Settlement Price, 0)] - Total costs

These Products do not have a minimum holding period, nor does ITIC recommend a specific holding period. These Products do have a pre-determined life span according to the Expiry date. If your account balance falls below the required minimum threshold then ITIC reserves the right to close any or all positions on your account. For American options, the Buyer can request an early exercise and close positions before the Expiry. Early exercise by the option Buyer may cause the holder of a short position to have their position automatically closed early ('Assignment'). Early exercise may result in delivery and/or payment of the full value of the Underlying.

INTENDED RETAIL INVESTOR

This Product is not designed to be marketed to a specific type of investor, and can be used to hedge portfolio risks as well as for directional trading strategies. 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 obtain professional investment advice.

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



There is no recommended or minimum holding period for this product. You must maintain sufficient margin in your account to keep your positions open. Trading on margin means you could lose significantly more than your initial investment.

Summary Risk Indicator (SRI): the SRI 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.

This Product does not include any protection from future market performance, so you could lose some or all of your investment, or more than your investment.

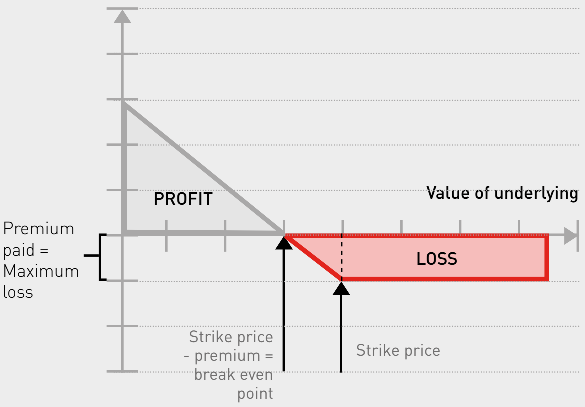
The maximum possible loss for the Buyer and the Seller at the Expiry date is described in the section "performance scenarios."

PERFORMANCE SCENARIOS

The following graphs illustrate how your investment could perform at the Expiry date. You can compare them with the pay-off graphs of other derivatives.

LONG PUT POSITION

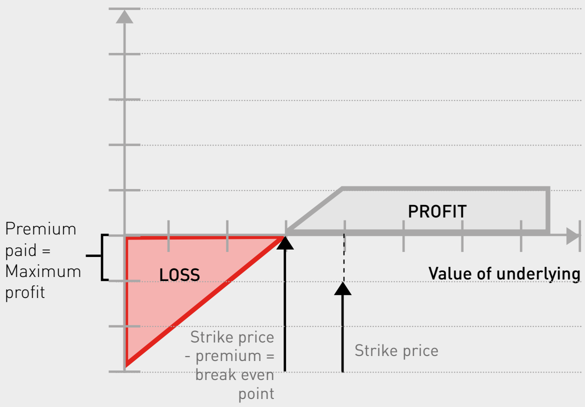
Profit/loss at maturity



If underlying price ≥ strike price: **Loss** = premium
If underlying price < strike price:
Profit/Loss = Strike price - underlying price - premium

SHORT PUT POSITION

Profit/loss at maturity



If underlying price ≥ strike price: **Profit** = premium
If underlying price < strike price:
Profit/Loss = Premium - strike price + underlying price

The graphs presented gives a range of possible outcomes at the Expiry date and are not an exact indication of what you might get back. What you get will vary depending on the value of the Underlying at the Expiry date. For each value of the Underlying at the Expiry date, the graphs show what the profit or loss of the Product would be. The horizontal axis shows the various possible prices of the Underlying value at the Expiry date. The vertical axis shows the profit or loss.

These graphs assume that any underlying asset does not pay out any dividend during the option life.

Buying this Product (opening a long position) holds that you think the Underlying price will be, at Expiry, below: (Strike) - (Premium paid, for a Unit of Underlying) - (total costs paid, for a Unit of Underlying).

The Buyer of this Product can have a maximum loss equal to: (Premium paid) + (total costs paid).

Selling this Product (opening a short position) holds that you think the Underlying price will be, at Expiry, above: (Strike) - (Premium received, for a unit of Underlying) + (total costs paid, for a unit of Underlying).

The Seller of this Product can have a maximum loss equal to: [(Strike price) x (Size of the contract) x (number of lots owned)] + (total costs paid) - (Premium received).

The graphs do not include costs that are necessary to trade the Product, and that are charged by the relevant Exchange to the Member Firm of the Exchange (see section "What are the costs?"). It does not include other costs that are not directly charged by the Exchange, including the costs that you pay your adviser or distributor such as commissions. This illustration does not take into account your personal tax situation, which may also affect how much you get back.

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WHAT HAPPENS IF ITIC IS UNABLE TO PAY OUT?

If ITIC is unable to meet its financial obligations to you, this could cause you to lose the value of any contracts you have with ITIC. ITIC segregates your funds from its own money in accordance with the UK FCA's Client Asset rules. Should segregation fail, your investment is covered by the UK's Financial Services Compensation Scheme (FSCS) which covers eligible investments up to £50,000 per person, per firm. See **www.fscs.org.uk**

WHAT ARE THE COSTS?

Assumptions: The position is held up to, and closed on, the contract expiry. The Underlying Asset does not pay out any dividend.

Composition of Costs: The table below shows (i) the impact of the different types of costs on the investment return you might get at the end of the assumed holding period and (ii) what the different cost categories mean.

This table shows the impact on return for a derivative contract with remaining time to expiry of 1 year

One-off costs of Entry and Exit	Spread	Variable amount	The spread is the difference between the bid (sell) and ask/offer (buy) price.
	Exchange fees	Variable amount	The relevant exchanges will charge certain fees and charges which are passed on by ITIC with no mark-up
	Commissions	Variable amount	You will be charged a commission on each trade. We may at our discretion share a proportion of the commission charged with other parties such as a distributor that may have introduced you.
Ongoing costs	Margin	Variable amount	An 'Initial Margin' is charged by the relevant exchange on position open. Day by day the exchange will also charge a 'Variation Margin' dependant on price performance or scenario analysis. Variation Margin may be debited or credited to your account.
	Incidental costs	Variable amount	**There are no costs to keep the position open until the Expiry date.** There are no hedging costs, as defined by the Law, to keep the position open until the Expiry date. Some contracts are denominated in foreign currency other than the base currency of your account and costs may be incurred in the conversion of currency to your base. Early exercise may result in funding of the entire contract value.

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

This Product does not have a minimum holding period, nor does ITIC recommend a specific holding period. Positions on this Product can be opened and closed on any day when the relevant market is open for trading, during its trading hours.

These Products do have a pre-determined life span according to the Expiry date. Positions can be closed before the Expiry. Alternatively, positions can be held until the Expiry date. You can choose when you want to close out your positions, depending on your investment strategy, your risk profile and expectations on future market conditions. For American options, the Buyer can request an early exercise and close positions before the Expiry. Early exercise by the option Buyer may cause the holder of a short position to have their position automatically closed early.

HOW CAN I COMPLAIN?

If you wish to complain, you can contact ITIC's customer service team. We will address your complaint in accordance with our Complaints Policy. If you do not feel your complaint has been resolved satisfactorily, you are able to refer your complaint to the Financial Ombudsman Service (FOS). **See www.financial-ombudsman.org.uk for further information.**

OTHER RELEVANT INFORMATION

You should ensure that you read the terms of business, order execution policy and risk warning notice displayed on our website or available on request from our customer service team.

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