



iq option®

Key Information Document (“KID”)

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

IQOPTION EUROPE LTD (the "Company"), a Cypriot Investment Firm regulated by the Cyprus Securities and Exchange Commission (CySEC) with licence number 247/14, is the Manufacturer and Distributor of Options with underlying assets currency pairs ("FX Options"). For more information you can visit the Company's website at www.eu.iqoption.com. This Key Information Document ("KID") was published on 16 of October 2018.

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

What is this product?

Type:

Options on currency pairs are derivative financial instruments traded Over the Counter ("OTC") i.e. the trading is concluded outside a regulated exchange or venue and between the client and the Company. Options on currency pairs are contracts where the profit is to be secured or loss avoided by reference to fluctuations in the price, time, and volatility of an underlying currency pair.

Objectives:

The objective of FX Options is to speculate on the price fluctuations of an underlying currency pair without owning it. The returns depend on the performance (price fluctuation) of the underlying currency pair, the volatility of the underlying, the strike price, the time to expiry and the amount invested in the option. This product is bought for the purpose of speculation, or hedging.

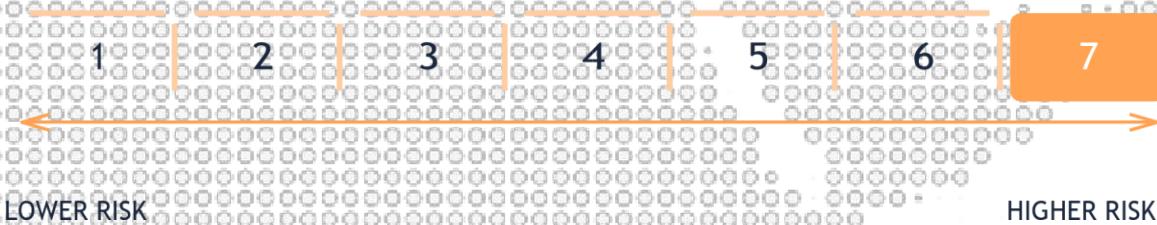
Intended retail client:

Retail clients with knowledge and/or experience of the characteristics of Options and currency pairs including the main market factors that determine their price, and with the ability to understand the risks involved including the risk of losing 100% of the amount invested in a trade in a short amount of time. Options on currency pairs are compatible with the needs of clients who seek capital gain and/or with a short-term investment horizon by investing in highly liquid markets which can provide the benefit of quick pay-out. Clients should have a high-risk tolerance and willing to accept rapid price fluctuations which may affect significantly their investment. Notwithstanding with the above, this product meets the needs of Clients with various degrees of risk tolerance as the risk/reward profile of

options varies greatly; deep-out of-the-money options would typically be suitable for clients with an extremely high risk tolerance, whilst deep-in-the-money options would generally accommodate more conservative strategies for Clients with a lower risk tolerance.

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

Summary Risk Indicator



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 rates the potential losses from future performance at a very high level. Values may fluctuate significantly in times of high volatility or market/economic uncertainty and may adversely affect your positions. Trade only after you have acknowledged and accepted the risks. You should carefully consider whether trading in Options on currency pairs is appropriate for you.

You may benefit from the protection from the Investor Compensation Fund (hereinafter called the "Fund") of which the Company is a member and which covers non-professional clients defined in the [Investor Compensation Fund policy](#) in circumstances when the Company is either unable to return to its covered clients funds owed to them and/or unable to return financial instruments to the covered clients which the Company holds or controls in its accounts on behalf of the clients. The maximum amount of compensation that a covered client can receive by the Fund is €20,000 (Euro Twenty Thousand). The indicator shown above does not consider this protection.

Performance Scenarios

Scenario 1: Favourable Scenario

A favourable scenario for a client buying an FX Option would entail the following example, in which the client would generate a profit depending on the selected strike price, volatility and the amount of his initial investment:

A client decides to invest the amount of \$100 for buying a Call Option on EUR/USD which is trading at 1.1749/1.1750 with a strike price of 1.1760 and one hour expiration. The option price is \$0.00060. In this scenario the client wishes to buy EUR at the strike price at the expiration of his option. His speculation is that the price of EUR/USD will rise above 1.1760 at expiration. At the expiration time, EUR/USD is trading at 1.1767/1.1768 and the client decides to exercise his option, and consequently sells USD at 1.1767.

The client's profit from his investment is: $(1.1767 - 1.1760 - \$0.00060) \times (\$100 / \$0.00060) = \16.7 gain

Scenario 2: Unfavourable Scenario

An unfavourable scenario for a client buying an FX Option would entail the following example, in which the client would suffer a loss which cannot exceed the premium paid to buy the option:

A client decides to invest the amount of \$100 for buying a Call Option on EUR/USD which is trading at 1.1749/1.1750 with a strike price of 1.1760 and one hour expiration. The option price is \$0.00060. In this scenario the client wishes to buy EUR at the strike price at the expiration of his option. His speculation is that the price of EUR/USD will rise above 1.1760 at expiration. At the expiration time, EUR/USD is trading at 1.1753/1.1754 and the option is exercised at 1.1753, below the strike price.

The client's loss is the amount invested in the option, \$100.

These scenarios illustrate how your investment could perform. You can compare them with other derivatives. The scenarios give two possible outcomes and are not an exact indication of what you might get back. What you get will vary depending on the performance of the underlying currency pair, the selected strike price and the investment amount.

Buying this product allows you to speculate on the performance of currency pairs and in particular the extent of the price movement of this asset. Your maximum loss would be that you will lose the entire amount invested in a specific trade.

The figures shown include all the costs of the product itself excluding any other fees which can be found at the section [General Fees](#) in the Company's website. The figures do not take into account your personal tax situation, which may also affect how much you get back.

What happens if the Company is unable to pay out?

The Company is a member of the Investor Compensation Fund (hereinafter called the "Fund") which covers nonprofessional clients as defined in the [Investor Compensation Fund policy](#) in circumstances when the Company is either unable to return to its covered clients funds owed to them and/or unable to return financial instruments to the covered clients which the Company holds or controls in its accounts on behalf of the clients. The maximum amount of compensation that a covered client can receive by the Fund is €20,000 (Euro Twenty Thousand).

What are the costs?

Before you begin to trade FX Options you should familiarise 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 the section [General Fees](#) found on our website

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

Recommended holding period: NO RECOMMENDED HOLDING PERIOD

FX Options have no recommended holding period but they have expiration time. Provided that the Company is open for trading you can enter and exit positions at any time. The Company shall proceed with the settlement of all trades upon the execution and/or time of expiration of the specific trade.

How can I complain?

For any complaints regarding the content and/or related to this KID email us at complaints@iqoption.com or by post at Yiannis Nicolaides Business Center, 33 Agiou Athanasiou Avenue, 4102, Agios Athanasios, Limassol, Cyprus.

Other relevant information

For any information not found in this KID or the Company's website at www.eu.iqoption.com contact us by e-mail at support@iqoption.com or by post to Yiannis Nicolaides Business Center, 33 Agiou Athanasiou Avenue, 4102, Agios Athanasios, Limassol, Cyprus.