

# Product and Risk Description

## Purpose

This document provides you with key information about this product. The information is intended to help you understand the nature, risks, costs, potential gains and losses of this product.

## Summary

<b>Product name</b>	Listed Equity-Derivatives Options
<b>Issuer of this document</b>	Nordea Bank Abp (hereafter "Nordea")
<b>Regulated by</b>	Finnish Financial Supervisory Authority
<b>Produced</b>	19.05.2020

## What is this product?

### Description

An exchange-traded equity option is an agreement between two parties giving the buyer (the holder) the right, but not the obligation, to buy (call) or sell (put) a given amount of shares in a specific company, or index, at a specified price (strike price) at a specified future date. Depending on the type of the option, it can either be exercised at any time before or at the expiry date (American-style option), or it can be exercised at the expiry date only (European-style option).

Exchange-traded equity options are standard instruments listed on a stock exchange or a similar authorised market and settled through an authorised clearing house.

Fulfilment of the listed option contract will be guaranteed by a clearing house, which steps in immediately after a trade is conducted between the buyer and the seller, to act as buyer towards the seller and seller towards the buyer. The clearing house ensures that the mutual obligations of the parties are always fulfilled.

When a listed option contract is made, no money changes hands between the buyer and the seller. The parties to the listed option contract put up collateral to the clearing house. Before expiry there may be regular settlements as according to the exchange, where the change in market value is settled. Thus if the option price has risen (fallen), the buyer receives (pays) cash in the settlement while the seller pays (receives) an equal cash amount.

Settlement is either cash settlement (cash amount calculated as the difference between the strike and reference price is paid) or physical settlement (the underlying instrument is delivered).

In case of cash settlement, the method determining the reference price must be specified when the transaction is agreed upon.

The price is subject to change until the transaction is agreed upon.

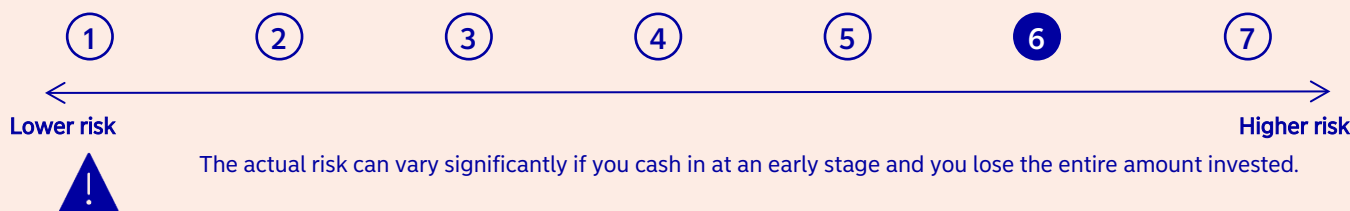
The agreement is binding for the seller of the option. However, it will be possible to terminate the transaction before maturity through an opposite transaction (buying and selling one contract nets to zero). As the market value of the transaction may have changed since the last regular settlement, an early termination will usually involve a payment of the present market value from one party to the other.

## Intended investor

The product Listed Equity-Derivatives Options is aimed at retail clients, professional clients and eligible counterparties, who are interested in hedging income. The Listed Equity-Derivatives Options is a product for informed investors and advanced investors.\* The intended retail investor has a high risk tolerance.

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

### Risk indicator



The summary risk indicator is a guide to the level of risk of this product compared to other products with a similar risk profile sold by Nordea. It shows that the potential risks that the product will lose money because of movements in the markets or because the issuer of this product or the counterparty (which may be Nordea), as applicable, is not able to pay you.

We have classified this product as 6 out of 7, which is the second-highest risk class.

When buying an option the loss is limited to the premium paid, whereas the potential for a profit is unlimited. When selling an option the potential profit is limited to the premium received, while the risk of a loss is unlimited.

\* Informed investors have average knowledge of relevant financial products and/or some financial industry experience. Advanced investors have good knowledge of relevant financial products and transactions, and/or financial industry experience or accompanied by professional investment advice or included in a discretionary portfolio service.

The market price of an equity option is determined by the forward price of the underlying share, the time to expiry and the implied volatility.

The risk and profit loss descriptions relate to this product only.

If this product is combined with other products or commercial positions, the total portfolio will have a significantly different profile than the one for this product alone.

A bought equity option is exposed to the market parameters listed in the matrices below.

Listed Equity-Derivatives Options		
Market Parameters	Influence on market value when increasing	Influence on market value when decreasing
Not applicable	Not applicable	Not applicable

## What happens if Nordea Bank Abp [LEI: 529900ODI3047E2LIV03] is unable to pay out?

You are exposed to the risk that the issuer of this product or the counterparty (which may be Nordea), as applicable, might be unable to fulfil its obligations in respect of the product e.g. in the event of insolvency, an administrative order or bail-in. The product is not covered by any deposit protection scheme. Thus, you could lose the entire amount invested.

## What are the costs?

The total costs take into account one-off, on-going, transaction, ancillary and incidental costs.

They include potential early exit penalties. The figures assume you invest 100,000 EUR nominal. The figures are estimates and may change in the future.

The costs charge for the investment is dependent on the risks associated with the transaction and the term of the investment.

We may include additional costs and charges on a case by case basis. If so, Nordea will provide you with information about these costs and charges prior to the point of sale, and will explain the impact that these costs will have on your investment over time.

Investment (based on above nominal)	Cumulative Costs
Combined cost to buy and exit the product	0
% p.a. of nominal	0

## Composition of costs on purchase of the product

Detailed Costs	Description	Amount in EUR	%
One-off costs	All costs and charges relating to the handling of the financial instrument paid to product suppliers as an entry cost or exit cost.	-	-
Ongoing costs	All on-going costs and charges that are related to the management of the financial instrument and deducted from the value of the financial instrument during the holding period of the investment in the financial instrument.	-	-
Transaction costs	All execution costs and charges associated with the buying or selling of the financial instrument performed by Nordea or another party.	The costs and charges will be presented in full at the point of sale	
Ancillary services	Any other costs and charges tied to servicing the financial instrument during the holding period of the financial instrument – such as research commissions.	-	-
Incidental costs	Any costs and charges tied to events during the holding period of the financial instrument – such as performance fees.	-	-

## How can I complain?

Any complaint regarding the product or the conduct of the persons within Nordea advising on, or selling the product can be submitted under the following website <https://www.nordea.fi/en/personal/get-help/tell-us-what-you-think-about-our-services.html>, in written form to Nordea Bank Abp, Satamaradankatu 5, FI-00020 NORDEA, Helsinki.