KEY INFORMATION DOCUMENT
(WET AND DRY FREIGHT FUTURES)

Purpose: This document provides 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: Wet and Dry Freight Futures - ICE Futures Europe ("IFEU") - https://www.theice.com/products/Futures-Options/Freight
Examples: TD3C FFA - Middle East Gulf to China (Baltic) Future / TC12 FFA - WCI to Japan (Baltic) Future / TC7 FFA - Singapore to EC Australia (Baltic) Balmo Future / TD8 FFA - Kuwait to Singapore (Baltic) Balmo Future / Capesize Timecharter (Baltic) Freight Future
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IFEU is a recognised investment exchange supervised by the Financial Conduct Authority.
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Alert: *You are about to open a position in a product which is not simple and may be difficult to understand.*

What is this product?

Type: Derivative. **Wet and Dry Freight Futures** are considered to be derivatives under Annex I, Section C of **MiFID 2014/65/EU**.

Objectives
A Wet or Dry Freight Futures contract **(henceforth "Freight Future")** is a cash settled derivative contract based on a financial index only giving rise to the payment or liability to payment of the outturn of an average index price against the traded value of the commodity contract **("Index or Assessment").** Each contract has a predefined underlying freight route rate or index assessment and a nominal value composed of the total quantity (or lot size) multiplied by its price. The price of the contract changes with forward price expectations for that freight route. This means that there is a positive relationship between the direction in which the underlying freight route rate is moving and the degree by which it is expected to move in its forward value and hence the value of the contract.

Each Freight Futures contract has its own last trading day **("Last Trading Day")**, after which the product will expire. You can close your position on any trading day up to and including the Last Trading Day. If you (as a **buyer**) 'opened' a position by buying a Freight Future you sell the same contract to 'close' your position. If you (as a **seller**) 'opened' a position by selling a Freight Future, you buy the same contract to 'close' your position. If on the Last Trading Day the final closing price exceeds the opening price the buyer has made a profit and the seller has made a loss. In this case, during the holding period, the seller has paid the buyer the difference between the final closing price and the opening price multiplied by the monetary value of each Freight Future's minimum price movement or tick size ("**Tick Size**"). If on the Last Trading Day the final closing price is less than the opening price, the seller makes a profit and the buyer makes a loss. In this case, during the holding period, the buyer has paid the seller the difference between opening price and the final closing price multiplied by the relevant Tick Size.

A Freight Future may in certain circumstances be unilaterally terminated by IFEU, and may be terminated by ICE Clear Europe Ltd **("ICEU")** following an event of default of a Clearing Member or invoiced back(see "What happens if IFEU is unable to pay out?" below). Factors that impact a Freight Future's value include, but are not limited to, the opening price and underlying freight, oil (for Wet Freight) and dry bulk (for Dry Freight) market fundamentals. A Freight Future will (unless you choose to close your position beforehand) automatically expire on the relevant expiry date.

Intended retail investor
Freight Futures products are not designed to be marketed to a specific type of investor or to fulfil a specific investment objective or investment strategy. A retail investor should become familiar with the characteristics of this product to make an informed decision on whether or not the product fits their investment needs. If in doubt, a retail investor should contact their broker or investment adviser to obtain investment advice.

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

Risk indicator:

1	2	3	4	5	6	7

← Lower risk — Higher risk →

Summary Risk Indicator: 7
The risk indicator assumes that a future is held until its expiration. The actual risk can vary significantly if you cash in at an early stage and you may get back less. Some futures and futures strategies have limited risk, but some can be high risk. Events, such as early closure of the position, may significantly impact the value of a future.

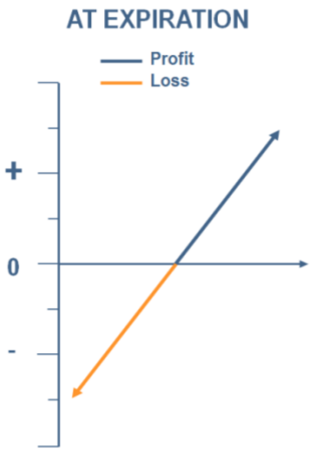
- The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets. We have classified this product as **7 out of 7**, which is the highest risk class. This rates the potential losses from future performance at a very high level.

- **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 considered in the indicator shown above.**
- In some circumstances you may be required to make further payments to pay for losses. **The total loss you may incur may significantly exceed the amount invested.**
- This product does not include any protection from future market performance so you could lose some or all of your investment.
- If ICEU (see "What happens if IFEU is unable to pay out?" below) or any intermediary is not able to pay you what is owed you could lose your entire investment.
- **The risk and reward profile of a Freight Future depends on its terms, but will involve the following considerations: Buyers** of a Freight Future can incur very significant losses, exceeding the amount invested. The loss is equal to the opening contract price minus the closing sale price. **Sellers** of a Freight Future can incur unlimited losses. The loss is equal to the closing sale price minus the opening contract price.. **Buying or selling futures can be high risk and requires extensive product knowledge.** The profit or loss potential of a Freight Future on the Last Trading Day depends on the opening contract price and the relevant closing price. The price of the Freight Future depends on several factors, such as the price movement of the underlying assessment of the spot freight route rate. Additionally, the potential for profit or loss of the Freight Future position depends highly on the way the position is used, e.g. Freight Futures can be traded as a risk management tool to hedge other investments or as a stand-alone investment.
- This product can expose a retail investor to unlimited liabilities in certain circumstances and can be used for a variety of purposes e.g. for hedging/risk management or as a stand-alone instrument. This is a complex product and is only likely to be appropriate for the most experienced, sophisticated and knowledgeable types of investors.

Performance scenarios

These graphs illustrate how your investment could perform. You can compare them with the pay-off graphs of other derivatives products in different Key Information Documents.

The graphs presented give a range of possible outcomes and are not an exact indication of what you might get back. What you get will vary depending on how the underlying will develop. For each value of the underlying, the graphs show what the profit or loss of the product would be. The horizontal axis shows the various possible prices of the underlying Freight Future on the expiry date and the vertical axis shows the profit or loss.



__**Buy Freight Futures**__:

Transaction: Buy Freight Future

Investment: None, but margin is required.

Margin: Initial margin (approximately 5-40% of the contract nominal value) plus variation margin to mark to market prices on a daily basis.

Market expectation: Rising market. Buying this product holds that you think value of the Freight Future will increase.

Profit/loss calculation: The profit or loss at expiration is calculated as follows:

__Step one__: Take the closing price minus the price at which the contract was entered into.

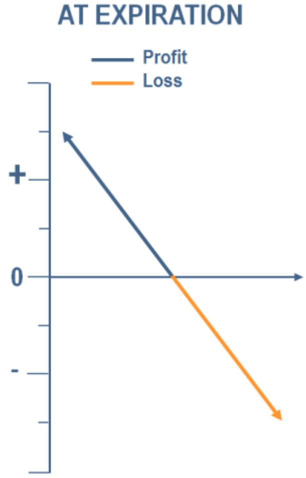
__Step two:__ When the result of Step one is positive the buyer has made a profit. If the result of Step one is negative the buyer has made a loss.

__Step three:__ For example, Wet Freight Futures are priced at increments of one hundredth of 1ct/mt nominal value. To monetise the difference calculated in Step two, you have to multiply the difference between the closing price and the contract price by the monetary value of each tick. For example, in the case of Wet Freight Futures, this is $0.10 ($0.0001$/mt x 1000mt).

Profit and loss characteristics:

Profit: Unlimited

Loss: You may lose all of your investment and be required to make additional payments significantly exceeding the initial margin payment.



__**Sell Freight Futures**__:

Transaction: Sell Freight Future

Investment: None, but margin is required.

Margin: Initial margin (approximately 5-40% of the contract nominal value) plus variation margin to mark to market prices on a daily basis.

Market expectation: Falling market. Selling this product holds that you think the value of the Freight Future will decrease.

Profit/loss calculation: The profit or loss at expiration is calculated as follows:

__Step one__: Take the opening price the contract was entered into minus the closing price.

__Step two:__ When the result of Step one is positive the seller has made a profit. If the result of Step one is negative then the seller has made a loss.

__Step three:__ For example, Wet Freight Futures are priced at increments of one hundredth of 1ct/mt nominal value. To monetise the difference calculated in Step two, you have to multiply the difference between the opening price and the closing price by the monetary value of each tick. For example, in the case of Wet Freight Futures, this is $0.10 ($0.0001$/mt x 1000mt).

Profit and loss characteristics:

Profit: Potential to be significant up to the price paid relative to the final settlement of the contract.

Loss: Your maximum loss is unlimited and you may lose all of your investment and be required to make additional payments significantly exceeding the initial margin payment.

Buying or selling a Freight Future is one of the ways that you can take a 'long' or 'short' Freight Future position and depends on the retail investor's individual trading strategy.

The scenarios 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 scenarios do not take into account your personal tax situation, which may also affect how much you get back.

What happens if ICE Futures Europe is unable to pay out?

IFEU is not responsible for paying out under the investment. All derivatives traded on IFEU are centrally cleared by ICEU. IFEU and ICEU are not within the jurisdiction of the UK Financial Services Compensation Scheme. In the event of a default by ICEU or your intermediary your position may become subject to ICEU's default procedures in accordance with its clearing rules, which may ultimately expose you to a risk of financial loss. It is possible that you may be included in any other compensation scheme depending on the exchange trading participant/member, clearing member, broker or other intermediary involved in a retail derivative transaction concerning this product. If you are in any doubt as to your position you should seek independent professional advice.

What are the costs?

Costs over time and Compositions of Costs:
ICE Futures Europe charges fees which are applied to the Clearing members. The full fee schedule is available on our website [Exchange & Clearing Fees]. The person selling you or advising you about this product may pass on IFEU and ICEU charges and charge you other costs. If so, this person will provide you with information about these costs, and show you the impact that all costs will have on your investment over time. Further or associated costs may be charged to retail investors by the exchange trading participant/member, brokers or other intermediaries involved in a retail derivative transaction.

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

There is no recommended holding period for this product. Freight Futures can be held until expiration (Last Trading Day) or positions can be closed out on any trading day up to and including the Last Trading Day. Whether or not retail investors choose to do so will depend on their investment strategy and risk profile.

- ✓ A long Freight Future position (i.e. a position opened by buying a Freight Future) can be closed by entering a sell order (e.g. by giving the relevant instructions to your broker) in the market on any trading day up to and including the Last Trading Day.
- ✓ A short Freight Future position (i.e. a position opened by selling a Freight Future) can be closed by entering a buy order (e.g. by giving the relevant instructions to your broker) in the market on any trading day up to and including the Last Trading Day.

How can I complain?

Retail investors should address complaints to the broker or intermediary with whom the investor has a contractual relationship in relation to this product or to the IFEU Complaints Handling Officer. Complaints must be made in writing to: The Complaints Handling Officer, ICE Futures Europe, 5th Floor, Milton Gate, 60 Chiswell Street, London, EC1Y 4SA, or can be emailed to: ICEFuturesEurope-Complaints@theice.com. See https://www.theice.com/futures-europe/regulation for full details of IFEU's Complaints Handling Procedures).

Other relevant information

Contract specifications setting out key details of all Wet and Dry Fright Futures traded on our markets are published on IFEU's website: https://www.theice.com/products/Futures-Options/Freight
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Please see the Contract Rules and Procedures for further details (https://www.theice.com/futures-europe/regulation). No portion of this document is, or is intended to be, addressed to persons outside the European Economic Area ("EEA"). IFEU has produced this document in order to provide a more efficient basis for compliance with Regulation (EU) No. 1286/2014 (the "**PRIIPs Regulation**") for exchange trading participants/members. To the extent permitted under the PRIIPs Regulation, IFEU undertakes no duty of care for the contents of this document and makes no warranty, representation or undertaking as to its accuracy. IFEU has not considered the specific circumstances of any 'retail investor' (as that term is defined in the PRIIPs Regulation) ("**EEA Retail Investors**"). EEA Retail Investors should only trade in this product based on their own assessment of the risks and should take their own financial, tax and legal advice. Any person making products to which this document relates available to an EEA Retail Investor is responsible for verifying whether this document is sufficient for their purposes or their clients' purposes, for adding any further disclosures as may be required for their clients and for assessing the suitability and appropriateness for their clients of any products traded on IFEU. IFEU does not admit any members that are EEA Retail Investors, and this document is only relevant to you if you have been offered trading in products traded on IFEU by a third party. IFEU is not responsible for the actions of any such third parties, and to the extent possible under applicable law, IFEU excludes all liabilities in relation to IFEU-traded products offered to EEA Retail Investors by any such third party. IFEU is not a 'PRIIP manufacturer' (as that term is defined in the PRIIPs Regulation) with respect to any offer to EEA Retail Investors in any EEA Member State other than those in which English is an official language or otherwise where a translated key information document in an official language of that EEA Member State is produced on IFEU's website.