

**KEY INFORMATION DOCUMENT  
(PHYSICALLY DELIVERED AGRICULTURAL 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: ICE Futures U.S. (“IFUS”) Physically Delivered Agricultural (or “Softs”) Futures Contracts**

Details of the specific agricultural futures contracts traded on IFUS are available at:

[https://www.theice.com/publicdocs/rulebooks/futures\\_us/8\\_Coffee.pdf](https://www.theice.com/publicdocs/rulebooks/futures_us/8_Coffee.pdf)

[https://www.theice.com/publicdocs/rulebooks/futures\\_us/9\\_Cocoa.pdf](https://www.theice.com/publicdocs/rulebooks/futures_us/9_Cocoa.pdf)

[https://www.theice.com/publicdocs/rulebooks/futures\\_us/10\\_Cotton.pdf](https://www.theice.com/publicdocs/rulebooks/futures_us/10_Cotton.pdf)

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[https://www.theice.com/publicdocs/rulebooks/futures\\_us/12\\_Canola\\_Rules.pdf](https://www.theice.com/publicdocs/rulebooks/futures_us/12_Canola_Rules.pdf)

Call +1 (770) 738-2101 for more information or email [ICEhelpdesk@theice.com](mailto:ICEhelpdesk@theice.com)

IFUS is a designated contract market regulated by the U.S. Commodity Futures Trading Commission.

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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?**

**Type:** Derivative. Agricultural futures are considered to be derivatives under Annex I, Section C of MiFID 2014/65/EU.

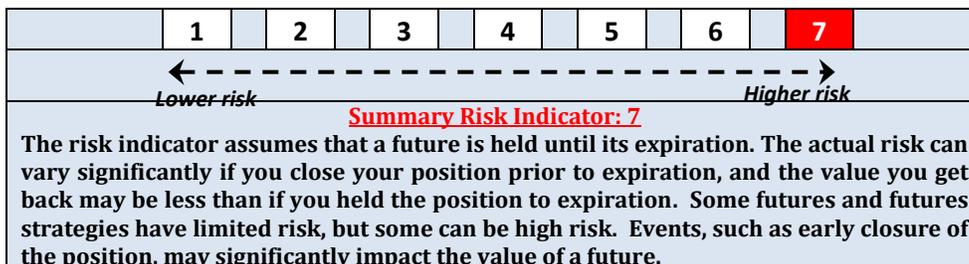
**Objectives:**

A physically delivered agricultural, or “soft,” futures contract is a physically settled derivative contract to buy (“long position”) or sell (“short position”) a specified quantity and quality of an agricultural commodity, such as coffee, cocoa, cotton, sugar or frozen concentrated orange juice, at a certain time in the future for a certain price (“contract price”) at a certain location. Each agricultural futures contract has its own delivery period and procedures. Subject to market conditions, you can close your position on any trading day up to and including the day of expiration (last trading day). If you ‘opened’ a position by buying an agricultural futures contract (to ‘go long’), you sell the same contract to ‘close’ your position. If you ‘opened’ a position by selling an agricultural futures contract (to ‘go short’), you buy the same contract to ‘close’ your position. The delivery process commences during a defined delivery notice period, with the submission of notices by the holders of short positions. The clearing organization then assigns delivery and receipt obligations to holders of open positions. Each contract has its own notice period, which typically commences prior to the last trading day. To settle an agricultural futures contract, the seller will have to deliver the specified quantity and quality of the agricultural commodity and the buyer will have to take delivery and make payment, in accordance with the contract specifications. It will be your responsibility to make any necessary arrangements to be able to make or take physical delivery under the contract. If you wish to avoid making or taking delivery, you must close out your position prior to the notice period. Contracts remaining open after the contract expires must be settled by delivery. If upon delivery the market value of the agricultural commodity exceeds the contract price, the buyer has made a profit and the seller has suffered a loss. Conversely, if upon delivery the market value of the agricultural commodity is less than the contract price, the seller has made a profit and the buyer has suffered a loss. In either case, the amount of the profit or loss will be the difference between the market value and the contract price. An agricultural futures contract may in certain circumstances be unilaterally terminated by IFUS and may be subject to termination following an event of default by a clearing member (see “What happens if IFUS is unable to pay out?” below).

**Intended retail investor:** This product is not designed to be marketed to a specific type of investor or to fulfill 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 this product fits their investment needs. If in doubt, retail investors should contact their broker or investment adviser to obtain investment advice.

**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. It shows how likely it is that the product will lose money because of movements in the markets. This product is classified as **7 out of 7**, which is the highest risk class. This rates the potential losses from future performance at a very high level.

- This product can expose a retail investor to unlimited liabilities in certain circumstances. This is a complex product and is only likely to be appropriate for the most experienced, sophisticated and knowledgeable types of investors.
- 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 the clearing organization 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 future depends on its terms, but will involve the following considerations:**
- **Buyer** – A buyer of an agricultural futures contract can incur unlimited losses down to a zero market price. The loss is equal to buying price minus closing sale price (or the market value on delivery), plus any transaction costs.
- **Seller** – A seller of an agricultural futures contract can incur unlimited losses in a rising market. The loss is equal to closing purchase price (or the market value on delivery) minus selling price, plus any transaction costs.
- **Buying or selling futures requires extensive product knowledge.**
- If you have a position that is not closed by the commencement of the notice period, **you may be required to make or take delivery under the contract.** In that case, you will be matched with another market participant to complete delivery. You will be required to make all necessary arrangements to make or take delivery, and assume all related costs and expenses, including arrangements for warehouse facilities and required certifications, and paying all storage charges, handling charges and inspection, weighing, grading and certification fees.
- Transactions in agricultural futures contracts may carry a high degree of leverage, because the amount of initial margin required to open a position is small relative to the value of the contract. A relatively small market movement can thus have a large impact on the margin you have provided. If the market moves against your position, you may be required to post additional funds as variation margin, on at least a daily basis. You may lose some or all of the initial and variation margin you have posted as a result of market movements. If you fail to comply with a request for additional margin by the deadline, your position may be liquidated at a loss or cost to you.
- Positions in agricultural futures contracts are subject to liquidity risks, in that your ability to close out a position on or prior to the last trading day will depend on entering into an offsetting position in the market with other market participants at the time. There is no commitment on the part of the exchange or any other person to enter into such offsetting transactions, and such closing transactions may not be available at the desired time, or may not be available at favorable prices.
- The price of agricultural futures contracts (and potential profit or loss) depends on several factors, such as the spot price of the underlying agricultural commodity, storage costs, costs and expenses related to delivery, levels of agricultural commodity production, levels of commercial use of the agricultural commodity, weather and growing conditions, and interest rates, as well as other macroeconomic conditions.

#### 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 on the expiry date and the vertical axis shows the profit or loss.

The scenarios shown may not include all of the costs that you pay to your advisor or broker. The scenarios do not take into account your personal tax situation, which may also affect your return.

#### Long Agricultural Future:



**Transaction:** Buy agricultural future

**Investment:** None, but margin is required

**Margin:** Initial margin (approximately 6% of total contract value) plus ongoing variation margin

**Market expectation:** Rising market. Buying this product indicates that you think the underlying price will increase.

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

**Step one:** Take the market value at delivery minus the contract price, then multiply by the contract quantity.

**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.

**Profit and loss characteristics:**

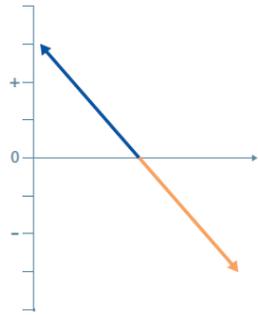
**Profit:** Unlimited in a rising market (less transaction costs)

**Loss:** Your maximum loss is unlimited down to a zero market price (plus transaction costs). You may lose all of your investment, and be required to make additional payments significantly exceeding the initial margin payment.

**Break-even:** Reached when the contract price and market value at delivery are equal, after taking into account transaction costs.

### Short Agricultural Future:

AT EXPIRATION



**Transaction:** Sell agricultural futures

**Investment:** None, but margin is required

**Margin:** Initial margin (approximately 6% of total contract value) plus ongoing variation margin

**Market Expectation:** Falling market. Selling this product indicates that you think the underlying price will decrease.

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

**Step one:** take the contract price minus the market value at delivery, then multiply by the contract quantity.

**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.

**Profit and loss characteristics:**

**Profit:** Unlimited down to a zero market price in a falling market (less transaction costs)

**Loss:** Your loss is unlimited in a rising market (plus transaction costs). You may lose all of your investment and be required to make additional payments significantly exceeding the initial margin payment.

**Break-even:** Reached when the contract price and market value at delivery are equal, after taking into account transaction costs

### What happens if IFUS is unable to pay out?

ICE Futures U.S. is not responsible for paying out under the investment. Agricultural futures contracts traded on ICE Futures U.S. are centrally cleared by ICE Clear US, Inc. However, ICE Clear US is not responsible for making or accepting delivery under a contract, and is not liable for any failure of a clearing member or other person to make or accept delivery. Neither ICE Futures U.S. nor ICE Clear US is within the jurisdiction of any financial services compensation scheme in the EU. In the event of a default by ICE Clear US or your clearing intermediary, your position may become subject to default procedures (including termination) under the IFUS or ICE Clear US rules, and you will be exposed to a risk of financial loss. Moreover, in the event that a party with whom you are matched for delivery fails to make or accept delivery under the contract, you will have to pursue remedies for such failure against such party in accordance with IFUS rules and applicable law, and you will be exposed to a risk of financial loss from such failure.

### What are the costs?

#### Costs over time and Composition of Costs:

Transactions (including both opening and closing transactions) in agricultural futures are subject to exchange, clearing and settlement fees which are charged to clearing members and may be invoiced by clearing members to investors. The full fee schedule is available on our website <https://www.theice.com/fees>. Retail investors intending to make or accept delivery will also be responsible for any storage charges, handling charges and inspection, weighing and certification fees, which may be imposed by third parties. Further or associated costs may be charged to retail investors by brokers or other intermediaries involved in a retail derivative transaction. There are no recurring costs for this product.

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

**There is no recommended holding period for this product.** 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, subject to market conditions. Whether or not retail investors choose to do so will depend on their investment strategy and risk profile.

- ✓ A long agricultural future position can be closed by entering a sell order in the market on any trading day during the lifetime of the futures contract.
- ✓ A short agricultural future position can be closed by entering a buy order in the market on any trading day during the lifetime of the futures contract.

Investors wishing to continue to hold economic exposure to the underlying agricultural commodity beyond the last trading day must close out their existing position on or before the last trading day and enter into new agricultural futures positions for a later expiration, a process known as rolling. Rolling futures positions may entail costs and risks of loss depending on market conditions at the time.

### 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 ICE Futures U.S. Market Regulation Department at [Compliance-US@theice.com](mailto:Compliance-US@theice.com).

### Other relevant information

IFUS 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, IFUS undertakes no duty of care for the contents of this document and makes no warranty, representation or undertaking as to its accuracy. IFUS 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 IFUS. IFUS is not responsible for the actions of any third party that offers trading in IFUS products, and to the extent possible under applicable law, IFUS

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