

Purpose

This document provides you with key information about this investment product. It is not marketing material. This 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

Name of PRIIP:

Commodity Futures Short

Name of PRIIP manufacturer:

MEFF Sociedad Rectora del Mercado de Productos Derivados S. A. U.

Details of contact:

For more information please contact us on the following link: <http://www.meff.es/ing/MEFF-Contact> or telephone number: +34 91 709 50 00

Competent Authority supervising PRIIP manufacturer:

CNMV

Date of production:

01/06/2018

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

What is this product?

Type of product

Commodity Futures are considered to be derivatives under Annex I, Section C of MiFID 014/65/EU. A derivative is a financial contract which derives its value from the value of another underlying instrument.

Objectives

A future is an agreement between a buyer (long position) and a seller (short position) to trade a the underlying asset that is the delivery of notional electricity, during all the relevant hours depending on the type of product, on the *Polo Español del Mercado Ibérico de Energía (MIBEL)*, at a certain time in the future for a certain price.

When entering into a futures position, no initial payment is made between the buyer and seller. The buyer and the seller have opposing expectations of how the value of the futures price will develop. Either market participant will experience a profit if their expectations materialize and a loss if their expectations do not materialize.

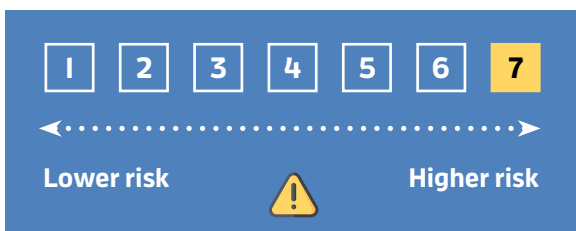
A future has a pre-defined maturity date. A potential customer may exit their exposure to a future during the trading hours of the exchange days. The customer can exit this exposure to a future by entering into an opposing futures position (with the same underlying and maturity), acting as buyer to close an opening short position. The price of the future can fluctuate due to movements and expectations of the following non-exhaustive list of parameters: price of the underlying asset and interest rates.

Intended retail investor

An Exchange is a neutral trading platform where various types of market participants can interact. 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, as well as having the capacity to assume losses. The potential customer could bare financial losses exceeding the initially invested capital, and does not require capital protection. A short commodity future is an appropriate product for clients with a wide knowledge and/or experience on derivatives financial products. If in doubt, the retail investor should contact his broker or financial advisor 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.

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. Futures are leveraged products; the initial costs for a client, e.g. the execution fees or assets deposited to secure the future's exposure can represent only a small percentage of the total value of the traded contract. Small movements of the underlying price can result in higher profits or losses.

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

Performance Scenarios

This graph illustrates how your investment could perform. You can compare it with the pay-off graphs of other derivatives.

The graph presented gives a range of possible outcomes and is 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 graph shows what the profit or loss of the product would be at maturity. The horizontal axis shows the various possible prices of the underlying value on the expiry date and the vertical axis shows the profit or loss. Assuming a futures short position holds that you think the underlying price will decrease.

Before entering into a commodity futures short, the customer must have made their own independent assessment on whether to enter into such a contract and decide as to whether the respective product is appropriate or proper for them, based upon the customer's own judgment and the recommendation from the persons selling or advising. The scenarios indicated in the graph illustrate a range of possible returns for this product at maturity.

The following graphic shows the economic result of a short future at the expiry in relation with the underlying price.

COMMODITY FUTURES SHORT:

Transaction:

Sell future

Investment:

None
(daily Variation Margin)

Risk:

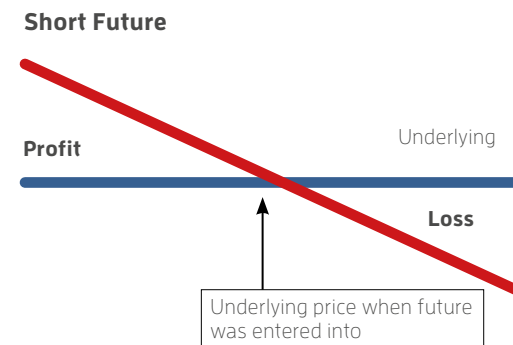
Unlimited if the price of the underlying rises

Yield:

Unlimited if the price of the underlying decreases

Margin:

Established by BME CLEARING Circular.



PROFIT/LOSS CALCULATION

If the Price of the Futures is lower than the Daily Settlement Price, the sum corresponding to the difference multiplied by the registered MW and the Contract Nominal amount shall be charged; if the Price of the Futures is higher than the Daily Settlement Price the sum corresponding to the difference shall be paid.

What happens if MEFF is unable to pay out?

MEFF Sociedad Rectora del Mercado de Productos Derivados S. A. U. is the company authorized by the Spanish law that rules and manages the Exchange. This Exchange provides a trading platform for the conclusion of Financial Transactions between market participants. MEFF does not act as counterparty to any market participant with respect to any of these transactions. All transactions traded on MEFF are centrally cleared by the Central Counterparty BME CLEARING.

What are the costs?

Composition of costs

The fees that are next described will not be directly charged to the final client, but to the Market Member. **Additional or associated costs may be charged to the retail investor by the participant/trading Member of the Market, brokers or other intermediaries involved in the derivatives transaction in matter.**

The total amount of costs by contract applicable to **Commodity Futures** is 0,0075 euros per MWh. A reduced fee of 0,005 euros per MWh will be applied for those Accounts (or groups of accounts managed by the same entity) which register contracts for a volume above to 2 TWh per month. The fee is described as follows:

Trading fee: 0,00375 euros per MWh and 0,0025 euros per MWh for the reduced fee, without a maximum or minimum applicable.

Clearing fee: 0,00375 euros per MWh and 0,0025 euros per MWh for the reduced fee. Every trade on MEFF is automatically centrally cleared by BME CLEARING*.

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

There is no recommended holding period for this product. The investor will be able to hold the position until its maturity date or he may terminate the contract before by entering into a closing transaction with opposite sign to the original one, which will have a trading and clearing fee of 0,0075 euros per MWh or 0,005 euros per MWh for the reduced fee. Whether or not retail investors choose to do so will depend on their investment strategy and risk profile and it also should be taken into account that liquidity conditions of the product may vary over time.

How can I complain?

Retail investors should address complaints to the MEFF Member, broker or intermediary with whom the investor has a contractual relationship based on this product.

Other relevant information

Contract specifications setting out key details of all derivatives traded on MEFF are described on the General Conditions annex of the MEFF Rule Book and are published in the MEFF website: www.meff.es

*The BME CLEARING expiration/exercise fee schedule is available in the following link:
http://www.meff.es/docs/docsSubidos/Tarifas-Fees_DF.pdf