Product Information

This document provides you with product information about Foreign Exchange SWAP. It is not marketing material. The information is required by law to help you understand the nature and the risks of investing in a Foreign Exchange Forward. You are advised to read it so you can make an informed decision about whether to invest.

Foreign Exchange Option

Provider: Bank of China Paris Branch

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

Definition and Objectives

Definition

Foreign Exchange Option (FX Option) is a derivative financial instrument that gives rights but not the obligation to exchange money denominated in one currency into another currency at a pre – agreed exchange rate on a specified date in the future.The most common is the traditional Call and Put FX Options.FX Option gives the buyer rights (but not the obligation) to purchase something from the FX Option seller at a set price and date.

Objectives

The objective of trading an FX Option is to gain exposure to fluctuations related to the underlying currency pair without actually owning it. Your investment return depends on movements in the price of the underlying asset (currency pair) and the size of your position.

Intended investor

This product is offered to investors who understand the forces that impact in the currencies exchange rate. Hence, it is available for Professional client and Eligible counterparty. The investment objective of the intended client is to hedge its FX exposure. The investor should have an investment horizon aligned with the Option and should be able to bear the risk associated with market fluctuations.

The FX Option has a maturity date. Neither the provider nor the client is entitled to terminate the product agreement unilaterally (except specific conditions in the FX Transaction Application).

Risk and reward profile

Significant risk(s) for the FX Option are:

Liquidity risk: FX Option is a type of product that is intended to be held until maturity. Investors are not entitled to early redemption of invested principal or accrued interest before maturity. Accordingly, it may not be possible for investors to modify, terminate or transfer their rights and obligations, or their exposure to the risks associated with a particular transaction, prior to its scheduled termination date.

Exchange Rate Risk: is the risk of loss arising from exchange rate fluctuations. If the floating rate does not reach the certain level (exercise price), the option might not be exercised.

Credit Risk: it shall be low, as BOC has a good rating level from external credit ratings. However, the products, as the bank's direct, unsubordinated and unsecured obligation, rely on the Bank's credibility and solvency. If the Bank becomes insolvent or subject to other similar events, investors may experience significant risk and delay in recovering their investment

Performance Scenarios

A "long" position holder, who has bought FX Options contract, profits from a rising underlying currency pair price and thus contract value.

A "short" position holder, one who has sold FX Options contract, profits from a price decline, because it could then buy in at a lower price to "offset" or liquidate the position.

The exercise price (or strike price) of FX Option is the price at which client would take underlying Spot Forex position if client want to exercise the FX Option.

Exercise of FX Call Option results in a long Spot Forex currency position at the call's exercise price.

Exercise of FX Put Option results in a short Spot Forex currency position at the call's exercise price.

FX Options premium is the price the buyer of FX Option pays to the option seller for the right to take an underlying Spot Forex position at the exercise price. In order to simplify trading, premiums are quoted in terms of points (pips) rather than in exchange rate. The value of the FX Option premium is equal to the FX Option price (pips or points) multiplied by notional value of the contract. The premium of the FX Option is directly related to the underlying Spot Forex currency pair price.

Table below illustrates the money you could get back under different scenarios. Let's assume that the current spot price in EURUSD is trading at 1.1400. You choose to buy a one month, 100,000 EURUSD Call Option with a strike price at 1.168, at a cost of 50 pips. This gives you the right, but not the obligation, to buy EUR at a specified price (Strike Price) on a specified date in the future (Expiry Date). When buying an option the maximum loss you can make is the premium paid. The premium for FX Option contract is 100,000*0.0050=500 USD.

Scenario	Results
Favorable scenario The price falls by 152 pips (0.0152) from current market price , spot rate is 1.1248 and you don't use your rights	you will lose -$ 500.00
Unfavorable scenario The price increases 395 pips (0.0395) and you converted your option into a Rolling FX Spot position and close it at 1.1795	you will gain $650.00

Charges

There would be an 'all-in' price, which might include bid or offer spread. Bank of China Paris Branch will not charge any other fee for building or distributing FX Option as a provider.

If any additional or exceptional fee is charged, the provider will communicate to the client about the nature and exact amount of this additional cost so client could take decision to invest in the product in a transparent way.

The person selling or advising the investor about this product may charge other costs. If so, this person will provide the investor with information about these costs, and show the impact that all costs will have on the investment over time.

Recommended Holding period

Recommended holding period depends on the maturity of the FX option and matches with the time horizon and liquidity constraints of the investor.

The Investor may request the early termination of this agreement. Such request must be made in writing to the provider, setting out the reasons for the early termination. Acceptance of the early termination request is at the sole discretion of the provider and subject to any costs or penalties that may arise to the investor or the provider due to the early termination, such costs to be borne by the investor.

Complaints

A complaint can be addressed to the Bank by post, email, fax or telephone to Legal & Compliance department of the Bank:

Attention: Legal & Compliance department

23/25 Avenue de Grande Armée, 75116 Paris, France

Tel : +(33) 149 706 253

Fax : +(33) 149 701 375

Email : compliance.fr@bankofchina.com

Complainant should clearly indicate his/her personal and contact details as well as description of the object of the complaint.

Other relevant information

Depending on your tax regime, returns may be subject to taxation. We advise you to consult your relationship manager for more information on taxation.

Additional information is available in the provider website (www.bankofchina.com/fr/) or by contacting your relationship manager.