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**1. INTRODUCTION**

**This Costs Disclosure only relates to business conducted on a direct basis between you and CMC Markets. It does not apply to clients introduced through a third party.**

In this Costs Disclosure, CMC Markets UK Plc is also referred to as "CMC Markets", "we", "us" and "our" in relation to your activities carried on with us.

Certain capitalised words and expressions in this document shall have the meaning given to them in our Terms of Business or in the clause in which they appear in this Costs Disclosure.

In this Costs Disclosure, we provide you with information to help you understand the costs and charges associated with entering into trades with us and our related services. You should take sufficient time to read our Costs Disclosure and other documentation available to you, including our Terms of Business, Order Execution Policy, Risk Warning Notice and Key Information Documents<sup>1</sup>, in addition to other relevant information available on our Website and Platform.

For real time information on our costs please refer to the product overview for the relevant instrument, available on the Platform. We strongly recommend that you refer to the product overview to ensure you understand the relevant costs involved before placing a trade with us. It is your responsibility to ensure that you have sufficient funds in your Account to pay any amounts due to CMC Markets in full.

You should not trade with us unless you fully understand the costs and charges associated with entering into trades. If you have any queries please contact our client services team: [clientservices@cmcmarkets.com](mailto:clientservices@cmcmarkets.com) or +44 (0)20 7170 8200.

**2. MARGIN & STAKE**

**2.1 Position Margin.**

If you open a CFD Margin Trade (or a Position) with us, you will be required to deposit money into your Account, which is known on the platform as 'position margin'. Position margin represents a percentage of the total value of the Position. Position margin is not required in respect of the portion of any CFD Margin Trade(s) or Position(s) covered by a Guaranteed Stop Loss Order (GSLO), for which 'prime margin' is required instead.

The position margin required for your Position(s) will be calculated using the Margin Rate applicable as shown on the Platform in the 'product overview' section of each Product.

The applicable Margin Rate for certain Products will vary according to the size of the Position or the tier the Position size falls under.

The portion of the Position that falls within each tier is subject to the Margin Rate applicable for that tier (excluding any Positions covered by a GSLO).

To calculate your position margin, you must take the Level 1 Mid-Price, shown on the Platform.

The position margin required at any given time is calculated as follows:

<sup>1</sup> Generic Key Information Documents (KIDs) are displayed on the Legal section of our website. Instrument specific KIDs are available on the Order Ticket on our platform.

The sum of (portion of position in relevant tier (in Units) x relevant Margin Rate for that tier, excluding any Units covered by a GSLO)<sup>2</sup> x Level 1 Mid-Price x Currency Conversion Rate

### Example A

COMPANY ABC - MARGIN RATE		
TIER	POSITION SIZE (EXCLUDING NUMBER OF UNIT COVERED BY A GSLO)	MARGIN RATE
1	0 – 1,000	10%
2	> 1,000 – 3,000	15%
3	> 3,000 – 5,000	20%
4	> 5,000 – 10,000	30%
5	> 10,000	50%

Using the margin percentages shown in the below example, a position of 6,500 Units in Company ABC, where the Level 1 Mid-Price is £2.75, would require position margin of £3,437.50. This is calculated as follows: 1250 x £2.75 = £3,437.50. The notional or total value of the position is £17,875.

TIER	PORTION OF POSITION IN EACH TIER, IN UNITS	MARGIN RATE	THE SUM OF (POSITION MARGIN)	POSITION MARGIN REQUIRED
1	1,000	10%	1,000 x 10% = 100	1,250 x 2.75 (Level 1 Mid-Price) x 1 (Currency Conversion Rate)
2	2,000	15%	2,000 x 15% = 300	
3	2,000	20%	2,000 x 20% = 400	
4	1,500	30%	1,500 x 30% = 450	
5	0	50%	0	
TOTAL	6,500		1,250	<b>£3, 437.50</b>

Please note that if you have a CFD Margin Trade which is covered by a GSLO, then your standard margin (the sum of your position margin for all CFD Margin Trade Positions not covered by a GSLO and your independent margin at any given time) will reduce accordingly.

## 2.2 Prime Margin.

In respect of any portion of a CFD Margin Trade covered by a GSLO, the prime margin required is calculated as follows:

On a buy CFD Margin Trade, prime margin is:

Units in the GSLO x (Level 1 Mid-Price – GSLO Level) x Currency Conversion Rate

<sup>2</sup> (Units in tier 1 x tier 1 Margin Rate + Units in tier 2 x tier 2 Margin Rate + Units in tier 3 x tier 3 Margin Rate + Units in tier 4 x tier 4 Margin Rate + Units in tier 5 x tier 5 Margin Rate)

On a sell CFD Margin Trade, prime margin is:

$$\text{Units in the GSLO} \times (\text{GSLO Level} - \text{Level 1 Mid-Price}) \times \text{Currency Conversion Rate}$$

Using the figures in **Example A** above, where a GSLO had been entered into on a buy CFD Margin Trade to sell 1,000 Units in Company ABC with a GSLO level of £2 where the Level 1 Mid-Price is £2.75 per Unit and the Account Currency is GBP, the prime margin required would be £750 (1000 x (2.75 – 2.00) x 1).

Your total prime margin, which will vary depending on the Price, is the sum of the prime margin required for all CFD Margin Trades covered by a GSLO at any given time.

### 2.3 Independent Margin.

We may also require you to have an additional Amount deposited in your Account to secure your future obligations to us, referred to as the 'independent margin'.

### 2.4 Total Margin.

Your total margin is the sum of your total position margin on all CFD Margin Trades not covered by a GSLO, prime margin and independent margin at any given time.

### 2.5 Stake.

If you open a Countdown with us, you will be required to deposit money into your Account, which is known on the platform as the Stake. The Stake is an amount which is the subject matter of a Countdown i.e. the amount you are willing to risk. The Stake is deducted from your Account as soon as you place a Countdown.

## 3. SPREAD

The buy and sell Price of a CFD Margin Trade is generally not the same. As soon as you have placed a CFD Margin Trade, there is a risk of loss in the amount of the difference between the buy and sell Price ("Spread") taking into account the number of Units of your Position, and depending on Price movements, the size of the spread fluctuates. You can see the current Spread for any instrument by referring to the product overview for the relevant instrument on the Platform.

## 4. COMMISSION

Commission is charged when opening and closing a CFD Margin Trade or Position that references a share. Only executed Orders attract Commission. The Commission payable per CFD Margin Trade can be found in the product overview for the relevant instrument on the Platform. The following table shows the Commission payable by you.

COMMISSION PER CFD (UNIT)		
COUNTRY	RATE	MINIMUM
UK	10bps	9GBP
US	2cps	10USD
Australia	10bps	7AUD
Austria	10bps	9 EUR
Belgium	10bps	9 EUR
Canada	2cps	10 CAD
Denmark	10bps	90 DKK
Finland	10bps	9 EUR
France	10bps	9 EUR
Germany	10bps	9 EUR

Hong Kong	18bps	50 HKD
Ireland	10bps	9 EUR
Italy	10bps	9 EUR
Japan	10bps	1000 JPY
Netherlands	10bps	9 EUR
New Zealand	10bps	7 NZD
Norway	10bps	79 NOK
Poland	18bps	50 PLN
Portugal	10bps	9 EUR
Singapore	10bps	10 SGD
Spain	10bps	9 EUR
Sweden	10bps	89 SEK
Switzerland	10bps	9 CHF

The rate shown is the amount in basis points or cents per share which is chargeable on an executed Order. If the rate equals an amount less than the minimum Commission (shown in the relevant currency), the minimum Commission will apply.

#### **EXAMPLE B**

The Commission rate on a UK share CFD is 10 basis points (0.10%) subject to a minimum Commission charge of £9.00. A 2500 Unit CFD Margin Trade in Lloyds Banking at a price of £5.20 would incur the following Commission:

$$\begin{aligned} &(\text{Units} \times \text{£ price}) \times 0.10\% \text{ (10bps)} = \text{Commission} \\ &2500 \times 5.20 = 13,000 \times 0.001 = \text{£}13.00 \end{aligned}$$

#### **EXAMPLE C**

The Commission rate on a UK share CFD is 10 basis points (0.10%) subject to a minimum Commission charge of £9.00.

A 1000 Unit CFD Margin Trade in Lloyds Banking Commission:

$$\begin{aligned} &(\text{Units} \times \text{£ price}) \times 0.10\% \text{ (10bps)} = \text{Commission} \\ &1000 \times 5.20 = 5,200 \times 0.001 = \text{£}5.20 \end{aligned}$$

As the calculated Commission is less than the minimum Commission, the minimum Commission charge of £9.00 will apply instead.

## **5. GUARANTEED STOP LOSS ORDER (GSLO) PREMIUM**

If you wish to place a GSLO on a CFD Margin Trade or Position, you will be required to pay a premium, which is known on the Platform as GSLO Premium, when you place the trade.

The GSLO Premium required for your CFD Margin Trade or Position is calculated using the GSLO Premium cost per unit shown on the Platform in the 'product overview' section of each Product (see Guaranteed Stop Loss Orders) and the current Price.

The calculation for the GSLO Premium is:

$$\text{Cost per Unit} \times \text{number of Units traded}$$

### **EXAMPLE D**

For the UK 100, if the GSLO Premium rate is 1 GBP per Unit for a 10 Unit trade, the GSLO Premium is £10.

$$£1 \times 10 = £10$$

If the GSLO is not triggered, 50% of the original premium paid upon placing the GSLO will be refunded to you when you close the trade.

## **6. HOLDING COSTS**

### **6.1 Holding Costs Overview.**

This is only applicable to CFD Margin Trades referencing cash contracts. At the end of each trading day (17:00 NY time), Positions that remain open in your Account will be subject to a cost known as a 'Holding Cost'. For open Positions in New Zealand shares, Holding Costs will be applied at 09:00 NZ time. Holding Costs can be positive or negative depending on the direction of your Position (buy or sell) and the applicable Holding Cost rate.

The historic Holding Cost rates, expressed as an annual percentage rate, are available on the Platform in the 'product overview' section of each product.

The Holding Cost payable per CFD Margin Trade can be found in the product overview for the relevant instrument on the Platform.

The following table shows the Holding Cost payable by you per asset class.

<b>ASSET CLASS</b>	<b>DAILY HOLDING COST</b>
Shares	Daily Underlying interbank rate +/- 0.0082%
Commodities	Daily Inferred Holding Cost* +/- 0.0082%
Indices	Daily Underlying interbank rate +/- 0.0082%
FX	Daily TomNext rate +/- 0.0027%%

Holding Costs can be calculated using the formulas below:

#### **Buy CFD Margin Trade**

$$(\text{Units} \times \text{EOD market mid-price} \times \text{buy holding rate}) \times \text{Currency Conversion Rate}$$

#### **Sell CFD Margin Trade**

$$(\text{Units} \times \text{EOD market mid-price} \times \text{sell holding rate}) \times \text{Currency Conversion Rate}$$

Holding costs will be calculated using the 17:00 NY time market mid-price or, where the market is closed, the last published CMC mid-price. For New Zealand shares, the closing mid-price of the previous day will be used.

The resulting sum of all Holding Costs will be credited or debited from your Account. This can be seen in the "history" section on the Platform.

\*The difference between the price of the undated CFD (a CFD which is not a forward CFD) and the relevant underlying future (on exchange) price that CMC Markets uses to price its undated CFDs, converted into a Holding Cost.

### **6.2 Shares.**

Holding Costs for share CFD Margin Trades will be calculated based on the underlying reference interest rate for the currency of the stock plus 0.0082% on buy CFD Margin Trades and minus 0.0082% on sell CFD Margin Trades.

The Holding Costs will be charged or debited when you have buy Positions and credited when you have sell Positions, unless the underlying reference interest rate is equal or less than 0.0082%, in which case a charge will be made from your Account for the sell Positions.

The holding rate in respect of a sell CFD Margin Trade will also include an additional adjustment of at least 0.25%. These borrowing costs can be significant and subject to large changes as sell interest in any stock increases. You should be aware of this additional risk/charge when carrying out sell CFD Margin Trades in individual shares.

### 6.3 Indices.

Holding Costs for cash index CFD Margin Trades will be calculated based on the underlying reference interest rate of the index plus 0.0082% on buy CFD Margin Trades and minus 0.0082% on sell CFD Margin Trades.

The Holding Costs will be charged or debited when you have buy Positions and credited when you have sell Positions, unless the underlying reference interest rate is equal or less than 0.0082%, in which case a charge will be made from your Account for the sell Positions.

### 6.4 FX.

Holding Costs for cash currency pair CFD Margin Trades will be calculated based on the tomorrow to next day ("TomNext") interest rate of the respective currency pair on the relevant underlying markets, expressed as an annual percentage.

#### Holding Cost rate on a buy CFD Margin Trade

TomNext rate in % minus 1%

#### Holding Cost rate on a sell CFD Margin Trade

TomNext rate in % plus 1%

Different rates are quoted for in markets for buying and selling a Position and the rates are actively negotiated between the banks. Tom-next rates in the underlying market are based on the interest rate differential between the two currencies. As a general rule, if the interest rate of the first named currency is higher than the second named currency in the pair (subject to the 1% adjustment), and you hold a CFD Margin Trade, the Holding Cost will be credited to your account. On the other hand, if you hold a sell CFD Margin Trade in the same scenario, the Holding Cost will be debited from your Account.

### 6.5 Commodities and Treasuries.

The Holding Cost rates for Positions in cash commodities and cash treasuries are based on the underlying futures market from which the prices are derived. A cash product does not have a determined expiry or liquidation date. The price of the cash commodities and treasuries does not include the Holding Costs which are incorporated in the futures of these products in order that the cash prices are 'constant'. The inferred daily Holding Cost is then applied as our holding cost, which can be positive or negative.

### 6.6 Cryptocurrencies.

The Holding Costs for Cryptocurrencies are based on transactions costs that CMC incur as well as other risks associated with these products such as CMC's Cryptocurrencies being stolen through account hacking. Checks are performed on a regular basis to ensure our rates are in line with competitors.

### 6.7 Forward Contracts.

A CFD Margin Trade referencing a Forward is a Product with a fixed maturity or liquidation date, at which open Positions will liquidate at the closing Price.

Forwards will not be subject to a Holding Cost.

### 6.8 Custom Indices

The Holding Cost rates for Custom Indices will be dependent on the composition of constituents in the Custom Index.

### 7.1 Payments in to/out of your Account.

You can make deposits in your Account via credit or debit cards, or through funds transfer from your bank account. We do not accept cash or cheque payments. Please ensure that any payment that you make is from an account or card in your name. Any third party payments will be returned.

There is no charge to receive funds via a standard bank transfer (national transfers). Urgent international transfers may incur a cost, depending on the international location.

### 7.2 Currency Conversion.

All Realised Profit or Realised Loss will automatically convert into the Account Currency, at the Currency Conversion Rate.

The Currency Conversion Rate is the average of our cash Forex products for the currency pair +/-0.50% (this change is effective from 1<sup>st</sup> September 2019. Before this date this figure is +/-0.3%). CMC Markets will convert the profit and loss amount of the foreign currency CFD Margin Trade into your Account Currency using this rate.

Our exchange rate conversions from the Product Currency into the Account Currency on the basis of our Currency Conversion Rate that may be subject to changes at any time (see our Terms of Business).

### 7.3 Market Data Subscription.

If you are classified as a Private Investor for market data purposes in accordance with our Terms of Business, CMC Markets will refund the monthly market data subscription fee for a specific country during the following calendar month, if you executed two (2) or more share CFD Margin Trades for that respective country.

If you are classified as a Non-Private Investor for market data purposes, in accordance with our Terms of Business, CMC Markets will refund the monthly market data subscription fee for a specific country during the following calendar month, if you executed five (5) or more share CFD Margin Trades for that respective country.

If you want to transact in share Products or view price data for share Products, you will need to complete the relevant market data subscription on the Platform.

There will be a monthly fee (inclusive of taxes) for the market data subscription and the monthly fee will differ, depending on which country and/or countries your share CFD Margin Trades relate to.

The monthly fee will be converted into your Account Currency at the Currency Conversion Rate before being deducted from your Account.

You may unsubscribe from your market data subscriptions at any time, provided you no longer have any Positions or Pending Orders covered under the relevant market data subscription. However, the monthly fee for such market data subscription shall still apply. If you have no Positions or Pending Orders open at midnight on the first day of the next calendar month, you will be automatically unsubscribed from any market data subscription.

\*Midnight refers to the local time of every market (country).

For details of Commissions and market data subscriptions please go to our Website where you can see current information or contact our client services department on [clientmanagement@cmcmarkets.co.uk](mailto:clientmanagement@cmcmarkets.co.uk).

### 7.4 Dormant Account Inactivity Charge.

A monthly inactivity charge will be deducted from the balance of any dormant Account. For this purpose, an Account shall be considered dormant if there are no open Positions and there has been no other trading activity for a continuous period of 1 year.

The monthly inactivity charge will be deducted from a dormant Account until either:

- a. the Account is closed by you or CMC Markets;
- b. trading activity recommences on the Account; or
- c. the balance of the Account is reduced to zero.

The amount of monthly inactivity charge will depend on your Account Currency, please see the table below for the applicable monthly inactivity fee for your Account:

ACCOUNT CURRENCY	MONTHLY INACTIVITY FEE
GBP	£10

EUR	€10
USD	\$15
CHF	15 CHF
NOK	100 NOK
SEK	100 SEK
PLN	50 PLN

The monthly inactivity charge will be deducted in arrears, on or about the first UK working day of each calendar month.

Once the balance of a dormant Account has reduced to zero, CMC Markets will not deduct further monthly inactivity charges from the dormant Account. A dormant Account will not incur a negative balance as a result of the deduction of the monthly inactivity charge.

## 7.5 Price Adjustments – Dividend Equivalent Payments

These are not a charge on your account as such, however they may result in debits to your account.

### Share CFDs

Although as a CFD holder you retain no rights to the underlying issued shares, adjustments will be made to your account to preserve the economic equivalent change whenever a dividend payment is made by a share issuer.

Adjustments will be made based on your holding as of the close of business on the day prior to the underlying shares trading Ex-Dividend (without entitlement) and will be posted to your account before market open on the Ex-Date.

Payment on long positions will be credited to your account net of the amount that would have been withheld for withholding tax if the position was held as a physical shares. The rate of the withholding tax, excluding dividend equivalent payments on US shares, will be at the implied tax rate CMC, as a UK entity, would be charged.

For dividend equivalent payments on US shares, in accordance with section 871(m) of the US IRS tax code, withholding tax will be applied at the same rate as those applicable to holding the physical share position. Payments on long positions will be credited to your account net of the applicable withholding tax.

Payment on short positions will be debited from your account at the gross dividend rate, without adjustment for any withholding tax.

Other forms of cash payments generated from distributions from the underlying shares, such as return of capital or distributions from partnerships, will be treated in accordance with the implied tax rate of CMC as a UK entity, and in accordance with US IRS rules where applicable.

### Cash Index CFDs

Where you hold a position in an index which is subject to the payment of price adjustments, generated from the dividends paid by the underlying company constituents of the index, a cash adjustment will be posted to your account to reflect the value change, or drop points, in the index.

These adjustments are made on both long and short positions.

Economically these adjustments have no impact in the performance of the position held as the calculated fall in value of the index based on the dividend payment will be exactly offset by the debit or credit posted to your account.

For example if the UK 100 has a price adjustment of 7.5 points and last price before the price adjustment is applied is 7,720.00 you would expect the value of the index to fall to 7,712.50.

Any difference between the expected first price of 7,712.50 and the actual first price will be the impact of market movement.