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**1. INTRODUCTION**

**This Costs Disclosure only relates to business conducted on a direct basis between you and CMC Spreadbet. It does not apply to clients introduced through a third party. For the avoidance of doubt, this Costs Disclosure only applies to Accounts using the NG Platform to place Bets and does not apply to users of the MT4 Trading System.**

In this Costs Disclosure, CMC Spreadbet Plc is also referred to as "CMC Spreadbet", "CMC", "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 Financial Betting 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 Bets with us and our related services. You should take sufficient time to read our Costs Disclosure and other documentation available to you, including our Financial Betting 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 the NG Platform.

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

You should not trade with us unless you fully understand the costs and charges associated with entering into Bets. 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 enter a Bet (or a Position) with us, you will be required to deposit money into your Account, which is known on the NG 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 Bet 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 NG 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 NG Platform. The position margin required at any given time is calculated as follows:

$$\text{The sum of (portion of position in relevant tier (in £/€ per point) x relevant Margin Rate for that tier, excluding any £/€ per point covered by a GSLO)}^2 \times \text{Level 1 Mid-Price}$$

<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 the NG Platform.

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

**Example A**

COMPANY ABC - MARGIN RATE		
TIER	POSITION SIZE (EXCLUDING NUMBER OF £/€ PER POINT COVERED BY A GSLO)	MARGIN RATE
1	0 – 10	10%
2	> 10 – 30	15%
3	> 30 – 50	20%
4	> 50 – 100	30%
5	> 100	50%

Using the margin percentages shown in the below example, a position of £65 per point 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: £12.50 x 275 = £3,437.50. The notional or total value of the position is £17,875.

TIER	PORTION OF POSITION IN EACH TIER, IN £/€ PER POINT	MARGIN RATE	THE SUM OF (POSITION MARGIN)	POSITION MARGIN REQUIRED
1	10	10%	10 x 10% = 1	£12.50 x 275 (Level 1 Mid-Price)
2	20	15%	20 x 15% = 3	
3	20	20%	20 x 20% = 4	
4	15	30%	15 x 30% = 4.5	
5	0	50%	0	
TOTAL	65		12.50	<b>£3, 437.50</b>

Please note that if you have a Bet which is covered by a GSLO, then your standard margin (the sum of your position margin for all Bet 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 Bet covered by a GSLO, the prime margin required is calculated as follows:

On a buy Bet, prime margin is:

$$\text{£/€ per point of the GSLO} \times (\text{Level 1 Mid-Price} - \text{GSLO Level})$$

On a sell Bet, prime margin is:

$$\text{£/€ per point of the GSLO} \times (\text{GSLO Level} - \text{Level 1 Mid-Price})$$

Using the figures in **Example A** above, if a new Bet was entered, to sell £10 Per Point in Company ABC with the GSLO level at £2 (where the Level 1 Mid-Price is £2.75 and the Account Currency is GBP), the prime margin required would be £750 (10 x (275 – 200)).

Your total prime margin, which will vary depending on the Price, is the sum of the prime margin required for all Bet positions 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 Bets 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 NG 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 Price and Sell Price of a Bet are generally not the same. As soon as you have placed a Bet, there is a risk of losing the amount of the difference between the Buy Price and Sell Price ("Spread"). Taking into account the size 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 NG Platform.

## 4. GUARANTEED STOP LOSS ORDER (GSLO) PREMIUM

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

The GSLO Premium required for your Bet or Position is calculated using the GSLO Premium cost per £/€ per point shown on the NG 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:

$$\text{GSLO Premium in points} \times \text{number of } \text{£/€ per point traded}$$

### **EXAMPLE B**

For the UK 100, if the GSLO Premium rate is 1 point for a £10 per point bet, the GSLO Premium is £10.

$$\text{£1} \times 10 = \text{£10}$$

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.

## 5. HOLDING COSTS

### 5.1 Holding Costs Overview.

This is only applicable to Bets 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'. 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 NG Platform in the 'product overview' section of each product.

The following table shows the calculation of the annual Holding Cost payable by you per asset class. The rates are comprised of a variable element and a fixed annual charge.

ASSET CLASS	ANNUAL HOLDING COST RATE
Shares	Underlying interbank rate +/- 3%
Commodities	Inferred Holding Cost +/- 3%
Indices	Underlying interbank rate +/- 3%
FX	TomNext rate +/- 1%

The fixed amounts in the table equate to a daily equivalent charge of 0.0082% for shares, commodities and indices, and 0.0027% for FX.

Daily Holding Costs can be calculated using the formulas below:

#### Buy Bet

$$(\text{£/€ per point} \times \text{EOD market mid-price}^* \times \text{buy holding rate}) / 365$$

#### Sell Bet

$$(\text{£/€ per point} \times \text{EOD market mid-price}^* \times \text{sell holding rate}) / 365$$

\*EOD market mid-price refers to the mid-price quoted by CMC for the relevant Product at 17:00 New York (NY) time. If the market for any Product has closed before that time, the price used will be last mid-price quoted at the closing time specified by us in the trading hours section of the 'product overview' for each Product.

Holding Costs for each open Bet will be credited or debited from your Account. This can be seen in the "history" section on the NG Platform.

### 5.2 Shares.

Holding Costs for share Bets will be calculated based on the underlying reference interest rate for the currency of the stock plus 3% on buy Bets and minus 3% on sell Bets. The annual amount calculated is then divided by 365 to determine a daily cost.

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 3%, in which case a charge will be made from your Account for the sell Positions.

The holding rate in respect of a sell Bet 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 Bets in individual shares.

### 5.3 Indices.

Holding Costs for cash index Bets will be calculated using the underlying reference interest rate of the index, plus 3% on buy Bets and minus 3% on sell Bets. The annual amount calculated is then divided by 365 to determine a daily cost.

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 3%, in which case a charge will be made from your Account for the sell Positions.

### 5.4 FX.

Holding Costs for cash currency pair Bets 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 Bet

TomNext rate in % minus 1% / 365

### Holding Cost rate on a sell Bet

TomNext rate in % plus 1% / 365

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 Bet, the Holding Cost will be credited to your account. On the other hand, if you hold a sell Bet in the same scenario, the Holding Cost will be debited from your Account.

## 5.5 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.

## 5.6 Forward Contracts.

A Bet 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.

## 5.7 Custom Indices

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

## 6. OTHER COSTS

### 6.1 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.

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.

### 6.2 Dormant Account Inactivity Charge.

A monthly inactivity charge of £10 or €10 depending on your Account Currency 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 of £10 or €10 will be deducted from a dormant Account until either:

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

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 Spreadbet 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.

### 6.3 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 Spread Bet**

When holding a Spread Bet 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 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 that 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 Spread Bet**

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.