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1. INTRODUCTION

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 Documents¹, 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 management team: clientmanagement@cmcmarkets.co.uk or +44 (0)20 7170 8200.

As you have been introduced to us by a third-party introducing broker ('Introducing Broker'), in addition to the costs payable by you to us for the execution of your trades, you have agreed with that Introducing Broker for the payment of fees, commission and/or other remuneration ('IB Fees') in respect of such introduction and related services, to be facilitated by CMC Markets.

We will do this by deducting any IB Fees payable by you to the Introducing Broker from any money held by us in respect of your Account, which we will pay to the Introducing Broker on your behalf. The basis for this calculation can be seen further in this disclosure. The illustrations show the costs payable by you, split by sums payable to CMC Markets and to the Introducing Broker respectively.

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.

¹ 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 Platform.

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:

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)² x Level 1 Mid-Price x Currency Conversion Rate

Example A

COMPANY ABC - MARGIN RATE		
TIER	POSITION SIZE (EXCLUDING NUMBER OF UNITS 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)
2	2,000	15%	2,000 x 15% = 300	
3	2,000	20%	2,000 x 20% = 400	

² (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)

4	1,500	30%	$1,500 \times 30\% = 450$	Conversion Rate)
5	0	50%	0	
TOTAL	6,500		1,250	£3,437.50

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 OR the sum of the Position Margin (whichever is higher)

On a sell CFD Margin Trade, prime margin is:

Units in the GSLO x (GSLO Level – Level 1 Mid-Price) x Currency Conversion Rate OR the sum of the Position Margin (whichever is higher)

Using the figures in **Example A** above, where a GSLO had been entered into on a buy CFD Margin Trade to sell 6,500 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 £4875.00 $((2.75-2) \times 6,500)$.

This is higher than the position margin which is £3875.00.

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. If the prime margin falls to an amount which would be lower than the position margin, then the position margin will apply thereafter.

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 (applicable to professional clients only)

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.

The amount of Spread that you will pay will vary depending on the IB Fees you have agreed to pay the Introducing Broker. The current Spread for any instrument can be seen on the Platform and includes the IB Fees.

The pricing profile below highlights the Fixed Fee (in points) and the variable fee or “IB Facilitated Fee” (as a percentage) that you have agreed to pay the Introducing Broker. We will facilitate the payment of both fee types on your behalf.

The total amount payable for a CFD Margin Trade to your Introducing Broker is calculated as follows:

CMC Level 1 Spread at the time of execution – Fixed Fee (if any) x IB Facilitated Fee

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Please note that this table shows the fees for the top 40 instruments. For other instruments not included, please contact clientmanagement@cmcmarkets.co.uk

<u>Spread</u>	Fees paid to IB	
Instrument Name	Fixed fee (points)	IB facilitated fee (percentage)
Copper – Cash	0.060000	20%
Copper Forward Contract	0.060000	20%
Crude Oil Brent – Cash	0.016000	20%
Crude Oil Brent Forward Contract	0.016000	20%
Crude Oil West Texas – Cash	0.010000	20%
Crude Oil West Texas Forward Contract	0.010000	20%
Gold – Cash	0.060000	20%
Natural Gas – Cash	0.002000	20%
Natural Gas Forward Contract	0.002000	20%
Palladium – Cash	0.400000	20%
Platinum – Cash	0.400000	20%
Silver – Cash	0.006000	20%
AUD/USD	0.000040	20%
EUR/AUD	0.000060	20%
EUR/CAD	0.000200	20%
EUR/GBP	0.000040	20%
EUR/JPY	0.006000	20%
EUR/USD	0.000040	20%

GBP/AUD	0.000060	20%
GBP/CAD	0.000100	20%
GBP/JPY	0.006000	20%
GBP/USD	0.000060	20%
NZD/USD	0.000060	20%
USD/CAD	0.000060	20%
USD/CHF	0.000060	20%
USD/JPY	0.002000	20%
USD/TRY	0.000400	20%
Australia 200 – Cash	0.200000	20%
Euro 50 – Cash	1.000000	20%
France 40 – Cash	0.400000	20%
Germany 30 – Cash	0.200000	20%
Hong Kong 50 – Cash	1.000000	20%
Italy 40 – Cash	4.000000	20%
Japan 225 – Cash	3.000000	20%
Spain 35 – Cash	2.000000	20%
UK 100 – Cash	0.400000	20%
US 30 – Cash	0.400000	20%
US NDAQ 100 – Cash	0.400000	20%
US SPX 500 – Cash	0.100000	20%
US Small Cap 2000 – Cash	0.100000	20%
Treasuries	No fee	10%

4. COMMISSION

4.1 Commission Overview.

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, including a breakdown of the amount due to CMC and the amount you have agreed to pay the Introducing Broker.

4.2 Commission on Shares.

Commission	Total Commission per CFD		CMC Commission per CFD		IB Commission per CFD	
Country	Rate	Minimum	Rate	Minimum	Rate	Minimum
UK	0.20%	20 GBP	0.05%	5 GBP	0.15%	15 GBP
US	4 cents per CFD	20 USD	1.5 cents per CFD	7.5 USD	2.5 cents per CFD	12.5 USD
Australia	0.20%	14 AUD	0.06%	7 AUD	0.14%	7 AUD
Austria	0.20%	18 EUR	0.06%	9 EUR	0.14%	9 EUR
Belgium	0.20%	18 EUR	0.06%	9 EUR	0.14%	9 EUR
Canada	4 cents per CFD	20 CAD	1.5 cents per CFD	10 CAD	2.5 cents per CFD	10 CAD
Denmark	0.20%	180 DKK	0.06%	90 DKK	0.14%	90 DKK
Finland	0.20%	18 EUR	0.06%	9 EUR	0.14%	9 EUR
France	0.20%	18 EUR	0.06%	9 EUR	0.14%	9 EUR
Germany	0.20%	18 EUR	0.06%	9 EUR	0.14%	9 EUR
Hong Kong	0.36%	100 HKD	0.18%	50 HKD	0.18%	50 HKD
Ireland	0.20%	18 EUR	0.06%	9 EUR	0.14%	9 EUR
Italy	0.20%	18 EUR	0.06%	9 EUR	0.14%	9 EUR
Japan	0.20%	2000 JPY	0.10%	1000 JPY	0.10%	1000 JPY
Netherlands	0.20%	18 EUR	0.06%	9 EUR	0.14%	9 EUR
New Zealand	0.20%	14 NZD	0.10%	10 NZD	0.10%	4 NZD
Norway	0.20%	165 NOK	0.06%	79 NOK	0.14%	86 NOK
Poland	0.36%	100 PLN	0.15%	50 PLN	0.21%	50 PLN
Portugal	0.20%	18 EUR	0.06%	9 EUR	0.14%	9 EUR
Singapore	0.20%	20 SGD	0.08%	10 SGD	0.12%	10 SGD
Spain	0.20%	18 EUR	0.06%	9 EUR	0.14%	9 EUR
Sweden	0.20%	175 SEK	0.06%	89 SEK	0.14%	86 SEK
Switzerland	0.20%	18 CHF	0.06%	9 CHF	0.14%	9 CHF

The rate shown is the amount as a percentage value of the Order or cents per CFD 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 0.20% subject to a minimum Commission charge of £20.00. A 2,500 Unit CFD Margin Trade in Lloyds Banking at a price of £5.20 would incur the following Commission:

$$\begin{aligned} &(\text{Units} \times \text{£ price}) \times 0.20\% = \text{Commission} \\ &2500 \times 5.20 = 13,000 \times 0.0020 = \text{£}26 \end{aligned}$$

Example C

By comparison, the Commission for a 1,000 unit CFD Margin Trade at the same price would be as follows:

$$\begin{aligned} &(\text{Units} \times \text{£ price}) \times 0.20\% = \text{Commission} \\ &1000 \times 5.20 = 5,200 \times 0.0020 = \text{£}10.40 \end{aligned}$$

As the calculated Commission is less than the minimum Commission, the minimum Commission charge of £20.00 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:

$$\text{Cost per Unit} \times \text{number of Units traded} \times \text{CMC Conversion Rate (if applicable)}$$

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.

$$\text{£}1 \times 10 = \text{£}10$$

If the GSLO is not triggered, 100% of the original premium paid upon placing the GSLO will be refunded to you when the trade is closed.

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 annual percentage rates, are available on the Platform in the 'product overview' section of each product.

The following table shows the Holding Cost payable by you per asset class, including a breakdown of the amount due to CMC Markets and the amount you have agreed to pay your Introducing Broker. In respect of Holding Costs, the holding rates for CFD Margin Trades are based on the variable rates or markets for such asset class as specified in paragraphs 6.2, 6.3, 6.4 and 6.5 below, plus or minus the applicable IB Holding Cost and CMC Holding Cost Fee in the table below depending on the position.

<u>Annual Holding Costs</u>			
Asset Class	Total Holding Cost	IB Holding Cost	CMC Holding Cost Fee
Shares	2.5%	1%	1.5%
Commodities	2.5%	1%	1.5%
Indices	2.5%	1%	1.5%
FX	1%	0.5%	0.5%

Holding Costs can be calculated using the formulas below:

Buy CFD Margin Trade

$$\frac{(\text{Units} \times \text{EOD market mid-price} \times \text{buy holding rate})}{365} \times \text{Currency Conversion Rate}$$

Sell CFD Margin Trade

$$\frac{(\text{Units} \times \text{EOD market mid-price} \times \text{Sell holding rate})}{365} \times \text{Currency Conversion Rate}$$

Holding costs will be calculated using the 17:00 NY time ('EOD') 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.

For reference, all percentage rates below are expressed as annual rates.

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 **2.5%** on buy CFD Margin Trades and minus **2.5%** 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 **2.5%**, 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 Trades on shares may also include an additional adjustment where borrowing costs for the product apply. 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 executing 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 **2.5%** on buy CFD Margin Trades and minus **2.5%** 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 **2.5%**, 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.

Daily Holding Cost rate on a buy CFD Margin Trade

TomNext rate in % minus **1%** / 365

Daily Holding Cost rate on a sell CFD Margin Trade

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 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 expiration date.

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. Please refer to the product overview for more information.

7. OTHER COSTS IN RELATION TO YOUR ACCOUNT

7.1 Payments in to/out of your Account.

You can make deposits in your Account via credit or debit cards, through funds transfer from your bank account or through any other payment method supported by the Platform from time to time. 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. It is against our policies to fund using third party payments. 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 (including Premium where applicable) 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%**. CMC Markets will convert the profit and loss amount of the foreign currency CFD Margin Trade or OTC Option Contract 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, 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 not 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 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 Platform where you can see current information or contact our client services department on 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; or
- 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

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.