



Costs and Associated Charges

COSTS AND ASSOCIATED CHARGES

1. Introduction

Trading Point of Financial Instruments UK Limited, trading under the name “Trading.com”, is a UK Investment Firm (registration number 09436004), regulated by the Financial Conduct Authority (“FCA”) under license number 705428 (hereinafter the “Company” or “we”, or “us”, or “our” as appropriate).

2. Definitions

‘**Spread**’ is the difference between the buy price and the sell price of a particular trading instrument.

‘**Swap/Rollover**’ is the process of extending the settlement date of an open position (i.e., date by which an executed trade must be settled). That is, the Company will simply add or deduct from a client’s trading account an interest rate for rolling over (i.e., holding/transferring) open positions relating to finance transactions generated through an account to the next day.

‘**Dormant fee**’ is a monthly fee imposed on trading accounts due to inactivity (trading/withdrawals/deposits/internal transfers) for a period of 6 months, and which have free balance in the account.

3. Costs and Charges

3.1 Types of Costs and Charges Incurred

3.1.1 Spreads

Trading.com offers variable spreads (i.e. not fixed spreads) which means that the spread value is constantly changing based on the current liquidity market conditions and the volatility. As such, spreads tend to be narrower under normal market conditions. However, spreads may widen as a result of important news announcements, during political uncertainty, because of unexpected events that can lead to volatile market conditions, or at the close of the business day, or at the weekends when the liquidity is lower.

Example

You trade 1 standard lot in EUR/USD. The current bid and ask prices are 1.30583 and 1.30599, respectively. Therefore, you buy at the ask price 1.30599 (i.e., open price) and you close the order at the bid price 1.30583 (i.e., close price). The difference between buy and sell prices is the spread. As such, the spread is 0.00016 (i.e., 1.6 pips) which equals to USD 16 (or currency equivalent). This is calculated based on the volume you trade (i.e., lots), the point size and the spread: $100,000 * 0.0001 * 1.6 = \text{USD } 16$

At this point, we would like to draw your attention to the fact that Buy orders always open at ask prices and close at bid prices.

You can find more about our average spreads on our website, in the following link: <https://www.trading.com/uk/instruments/forex-trading>.

3.1.2 Swap/Rollover Fee

Trading.com handles rollover interest (i.e. swap fees) at competitive rollover rates for all positions held open overnight (i.e. 22:00 GMT). Positions opened at 22:01 are not subject to rollover until the next day, but if you open a position at 21:59, a rollover will take place at 22:00 GMT.

Trading.com debits or credits clients’ accounts with competent rollover rates, within an hour, when a trade is kept open overnight (i.e., 22:00 GMT). Although there is no rollover on Saturdays and Sundays when the markets are closed, banks still calculate interest on any position held over the weekend. To level this time gap, Trading.com

applies a 3-day rollover strategy on Wednesdays for CFDs on currencies and precious metals and on Fridays for cash indices, cash energies and stocks.

Example

Every currency trade is based on borrowing one currency in order to buy another. Interest is paid on the borrowed currency and earned on the purchased currency. For instance, if we assume that the interest rates in Japan and the US are 0.25% p.a. and 2.5% p.a. respectively, and you have a buy position of 1 lot in USDJPY at 118.50, you will earn 2.5% per year on your USD and pay 0.25% per year on your borrowed JPY.

This means that with an open position you gain USD 6.16 per day $[100,000 * (2.5\% - 0.25\%) / 365]$. This amount is credited to your account and equivalent to 0.73 pips per day $[118.50 * (2.5\% - 0.25\%) / 365]$. Similarly, if you have a short position in USDJPY, you lose USD 6.16 per day. Thus rollover interest can provide an added stream of profit or loss for you.

You can find more about our swap rates on our website, on the following link: <https://www.trading.com/uk/instruments/forex-trading>.

3.1.4 Dormant fee

As per our 'dormant and archiving policy' which you have accepted in our Terms and Conditions of Business, in the event that there is no activity (trading/withdrawals/deposits/internal transfers) in all of your Accounts for a set period of at least 6 months, your Accounts will be regarded to be 'dormant'.

Dormant accounts will be charged with a monthly dormant fee of USD 10 (or currency equivalent) or the full amount of the free balance in the account, taken that the free balance is less than USD 10 (or currency equivalent). There will be no charge in case the free balance in your account is zero (0). As such, accounts with zero (0) balance, will be archived after a period of 3 months in which there was no activity in them.

3.2 Annual report of the costs and associated charges

An overview of the aggregated costs and charges (i.e. including the swap charges, spreads and dormant fee if applicable) derived from clients' transactions in regard to each of their trading account(s) will be provided, via email, to each client, on an annual basis. This information will be sent to Company's clients both as cash amount and as a percentage of the costs and associated charges imposed on the invested funds, on each account's base currency. This will help clients to understand the costs and associated charges imposed to in their trading account(s) according to their trading activity throughout the year.