

Spread bets and Contracts for Difference (“CFDs”) are complex instruments and come with a high risk of losing money rapidly due to leverage.

The percentage of retail investor accounts losing money when trading spread bets and CFDs is available on our website.

You should consider whether you understand how spread bets and CFDs work, and whether you can afford to take the high risk of losing your money.

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PURPOSE OF THIS DOCUMENT

This disclosure document is intended to inform you of the charges, commissions, fees, and costs associated with financial spread betting and CFDs which will be charged directly to you by Spreadex Limited ("Spreadex", "We" or Us").

You will find the formulae for how we calculate our fees alongside some practical examples. You can apply these to your own trades to estimate the cumulative effect of our costs on your returns.

TRADING COSTS

When spread betting or trading CFDs on any market you will experience trading costs in the form of spread and commission. The spread is the difference between the bid and the ask price, which includes the market spread which may vary depending on market conditions.

For spread betting the commission is included in the spread. For CFDs the commission is charged after the trade is made. The amount of spread or commission charged can be found in the instruments 'Market Information' page.

OVERNIGHT FUNDING

When holding a position in a CFD, daily or daily future spread bet you will be subject to a cost known as 'Overnight Funding'. Overnight funding can be positive or negative, depending on funding rates and if you are long or short.

Calculations for overnight funding can be found below or on the 'Market Information' tab for a specific instrument.

The numbers used in the following examples such as the spread, alternative reference rate (ARR) and other rates may be subject to change and should be taken as purely an example of how the formulas are used.

COSTS FOR SPREAD BETS AND CFD TRADES

SHARES

Shares Funding Charge = Nights Held x (Market Closing Price x Trade Size x (Spreadex Funding Charge +/- Adjusted ARR) / 365

When long, the adjusted ARR is added whereas if short, it is subtracted. The Spreadex charge for each equity can be found on the 'Market Information' tab.

If you were long £50 of Lloyds for two nights with a closing price of 43 for each night, the total cost would be as shown below.

UK Adjusted ARR	0.97%
Spreadex Funding Charge	3.00%
Market Spread	0.02
Spreadex Spread	0.10
Total Spread	0.12

Total Cost	
Market Spread	$0.02 * £50 = £1.00$
Spreadex Spread	$0.10 * £50 = £5.00$
Overnight Funding	$2 * (43 * 50 * (3\% + 0.97\%)) / 365 = £0.47$
Total Cost	£6.47

If you had a CFD account and were short 250 Intel share contracts over seven nights with a closing price of 40 every evening, the total cost would be as shown below. When shorting a share, you will also be subject to a short borrow fee which is dependent on the market you are shorting.

Since Intel is traded in US Dollars, a GBP/USD conversion is required at the spot price of 1.25.

US Adjusted ARR	0.98%
Annual Short Borrow Charge	0.60%
Market Spread	0.04
Total Cost	
Market Spread	$0.04 * 250 / 1.25 = £8.00$
Spreadex Commission	$250 / 1.25 * 3.5 = £7.00$
Overnight Funding	$7 * (40 * 250 / 1.25 * (3\% - 0.98\%)) / 365 = £3.10$
Short Borrow Fee	$7 * (250 / 1.25 * 40 * 0.6\%) / 365 = £0.92$
Total Cost	£19.02

INDICES

Indices Funding Charge = Nights Held x Spreadex Funding Charge X Stake

If you were long £10 of the FTSE for 3 nights which you opened and closed during market hours, the total cost would be as shown below.

Market Spread	1 point
Spreadex Funding Charge	0.714
Total Cost	
Market Spread	$1 * £10 = £10$
Overnight Funding	$3 * 0.714 * £10 = £21.42$
Total Cost	£31.42

If you had a CFD account and were short 10 contracts of the France 40 Daily for 2 nights with a closing price of 6000 for both nights, assuming you opened and closed this position during market hours, the total cost would be as shown below.

Since the France 40 is traded in Euros, a GBP/EUR conversion is required at the spot price of 1.17.

Market Spread	1 point
Spreadex Funding Charge	1
Total Cost	
Market Spread	$1 \times 10 / 1.17 = \text{£}8.55$
Overnight Funding	$2 \times 1 \times 10 / 1.17 = \text{£}17.10$
Total Cost	£25.65

FOREX

Forex Funding Charge = Nights Held x ((Interest Differential + 0.8%) x Currency Price x Stake)/365

The interest differential is the difference between the adjusted ARR of the currency pair.

If you were short £5 per point on Spot GBP/USD for 2 nights with a price of 1.25 at 10pm each day, the total cost would be as shown below:

UK Adjusted ARR	0.9378
US Adjusted ARR	0.7564
Interest Differential	$0.9378 - 0.7564 = 0.1814$
Market Spread	1 point
Spreadex Spread	0.2 points
Total Spread	1.2 points
Total Cost	
Market Spread	$1 * \text{£}5 = \text{£}5$
Spreadex Spread	$0.2 * \text{£}5 = \text{£}1$
Overnight Funding	$2 \times ((0.1814\% + 0.8\%) \times 12500 \times 5) / 365 = \text{£}3.36$
Total Cost	£9.36

If you were buying 10 contracts of GBP/USD on your CFD account held across 5 nights with a price of 1.25 at 10pm each day, the total costs would be as shown below.

Since it is traded in US Dollars, a GBP/USD conversion is required using the spot price of 1.25.

UK Adjusted ARR	0.9378
US Adjusted ARR	0.7564
Interest Differential	$0.7564 - 0.9378 = -0.1814$
Market Spread	1 point
Spreadex Spread	0.2 points
Total Spread	1.2 points
Total Cost	
Market Spread	$1 * 10 / 1.25 = £8.00$
Spreadex Spread	$0.2 * 10 / 1.25 = £1.60$
Overnight Funding	$5 * ((-0.1814\% + 0.8\%) * 12500 * 10 / 1.25) / 365 = £8.48$
Total Cost	£18.08

CRYPTOCURRENCIES

Cryptocurrencies are only available to trade for professional clients as per FCA regulations.

Cryptocurrency Funding Charge = Nights Held x (0.22% x Stake x Price)

If you were long £2 of Bitcoin for 3 days with a price of 30,000 at 10pm each day, the total cost would be as shown below:

Spreadex Funding Charge	0.22%
Market Spread	20
Spreadex Spread	120
Total Spread	140
Total Cost	
Spreadex Spread	$120 * £2 = £240$
Market Spread	$20 * £2 = £40$
Overnight Funding	$3 * (0.22\% * 2 * 30,000) = £396$
Total Cost	£676

If you were long 2 contracts of Bitcoin for 5 days on your CFD account with a price of 30,000 at 10pm each day, the total cost would be as shown below.

Since Bitcoin is traded in US Dollars, a GBP/USD conversion is required using the spot price of 1.25.

Spreadex Funding Charge	0.22%
Market Spread	20
Spreadex Spread	120
Total Spread	140
Total Cost Spreadex Spread	$120 \times 2 / 1.25 = \text{£}192$
Market Spread	$20 \times 2 / 1.25 = \text{£}32$
Overnight Funding	$5 \times (0.22\% \times 2 / 1.25 \times 30,000) = \text{£}528$
Total Cost	£752

COMMODITIES

Commodities Funding Charge = Nights Held x Spreadex Funding Charge X Stake

If you were short £3 of Brent Crude daily future for 7 nights, the total cost would be as shown below.

Market Spread	2
Spreadex Spread	2
Total Spread	4
Spreadex Funding Charge	1.428
Total Cost Market Spread	$2 \times \text{£}3 = \text{£}6$
Spreadex Spread	$2 \times \text{£}3 = \text{£}6$
Overnight Funding	$7 \times 1.428 \times \text{£}3 = \text{£}29.99$
Total Cost	£41.99

If you bought 5 Light Crude daily future contracts on your CFD account which you held for 3 nights, the total cost would be as shown below.

Since Light Crude is traded in US Dollars, a GBP/USD conversion is required using the spot price of 1.25.

Market Spread	2 points
Spreadex Spread	2 points
Total Spread	4 points
Spreadex Funding Charge	1.428
Total Cost Market Spread	

Spreadex Spread	$2 \times 5/1.25 = \text{£}8$
Overnight Funding	$2 \times 5/1.25 = \text{£}8$
	$3 \times 1.428 \times 5/1.25 = \text{£}17.14$
Total Cost	£33.14

OPTIONS

When trading options the only cost you are subject to is the spread. For example, if you bought and sold £5 a point of UK 100 7175 Put Dec, the total cost would be as follows:

Spread	8 points
Total Cost	$8 \times \text{£}5 = \text{£}40$

FUTURE CONTRACTS

Overnight funding does not apply to future contracts. Futures have wider spreads which include the funding until that contract's expiry. The expiry date for a given contract can be found in the 'Market Information' tab.

INCIDENTAL COSTS

A summary of incidental costs that may be applied are set out below

1. Spreadex reserves the right to charge £1 on debit card deposits under £50.
2. A CHAPS same-day transfer is subject to a £25 charge.

For further information please refer to our website [here](#).