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1. INTRODUCTION

This Costs Disclosure only relates to business conducted on a direct basis between you and CMC Markets UK Plc. 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 Platform to place Fully Margined Spreadbets and does not apply to users of any Metatrader Trading System.

In this Costs Disclosure, CMC Markets UK Plc is also referred to as "CMC Markets", "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 SPECTRE™ Spreadbet 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 SPECTRE™ Spreadbet Terms of Business, Order Execution Policy and Risk Warning Notice, in addition to other relevant information available on our Website and the 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 Markets 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: clientmanagement@cmcmarkets.co.uk or +44 (0)20 7170 8200.

2. PLATFORM METRICS

2.1 Available (available collateral).

If you enter a Bet (or a Position) with us, you will be required to deposit money into your Account, which is known and the collateral available for trading.

A Fully Margined Spreadbet will utilise the full value of the position as margin (i.e.: 100% margin or fully funded), reducing your available collateral accordingly.

To calculate the collateral available, you must take the Level 1 Mid-Price, shown on the Platform. The position margin required at any given time is calculated as follows:

$$\text{Available: Cash} - \text{Unrealised Profit/Loss} - \text{Total Margin}$$

2.2 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'.

2.3 Total Margin.

Your total margin is the sum of your total position margin on all Bets.

To calculate the Total Margin used, you must take the Level 1 Mid-Price, shown on the Platform. The total margin at any given time is calculated as follows:

$$\text{Per Instrument, the sum of Units} \times \text{Level 1 Mid-Price} \times \text{Currency Conversion Rate}$$

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 Platform.

The Mid-Price is the Price halfway between the Buy Price and the Sell Price.

E.g. if the Sell Price is 99 and the Buy Price is 101, this means the Mid-Price is 100 and the Spread equals 2 (101-99).

4. ACCOUNT MAINTENANCE FEE

The calculation of the Account Maintenance Fee is as follows:

Daily Account Maintenance Fee = Account Value × (Rate / 365).

The Account Maintenance Fee accrues daily and is charged on or around the 3rd business day of the month.

The current Account Maintenance Fee Rate is available on the Account Fee Schedule via the Platform.

5. OPEN POSITION MAINTENANCE FEE

5.1 Maintenance fee calculation

Open Position Maintenance Fee = End of day Open Quantity × End of Day Close Price × (Fee Rate / 365).
Accrues daily for each Position held and charged on or around the 3rd of the month.

5.2 Fee rate tiers and instruments.

Instruments are divided into tiers, with each tier corresponding to a fee Rate. Fee Rates and Instrument Tiers are subject to change at CMC Markets' sole discretion.

The instruments and Open Position Maintenance Fee Rate for each tier are available on the Account Fee Schedule via the Platform.

6. FOREIGN EXCHANGE FEE

A Foreign Exchange Fee will be applied to Positions for which the Fully Margined Bet currency differs from Account currency. This fee is applied to the entire value of the Position at the time the Fully Margined Bet is placed.

The current Foreign Exchange Fee Rate is available on the Product Overview via the Platform.

7. OTHER COSTS

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.

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 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 Bets 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 Bets 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 Bets 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.

7.3 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 Markets;
- 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 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.

7.4 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.