

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 or daily 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.

Indicative costs for overnight funding can be found below or on the deal ticket when pressing 'Trade' 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. Figures are rounded to two decimal places at each step.

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. For short positions, if the adjusted ARR is higher than the Spreadex Funding Charge, the overnight funding will be credited to your account rather than charged. The Spreadex charge for each equity can be found on the 'Market Information' tab.

If you were long £50 per point of Lloyds for two nights with a closing price of 109 for each night, the total cost would be as shown below.

UK Adjusted ARR	3.73%
Spreadex Funding Charge	4%
Market Spread	0.05
Spreadex Spread	0.10
Total Spread	0.15

Market Spread	$0.05 \times £50 = £2.50$
Spreadex Spread	$0.10 \times £50 = £5.00$
Overnight Funding	$2 \times (109 \times 50 \times (4\% + 3.73\%)) / 365 = £2.31$
Total Cost	£9.81

If you had a CFD account and were short 250 Intel share contracts over seven nights with a closing price of 120 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 current spot price, in this example, 1.33.

The Spreadex commission is 0.1% of the share price, subject to a minimum of 2 points and a maximum of 5.5 points per share. For Intel, 1 point is equal to 1 cent, so the minimum is 2 cents (\$0.02), and the maximum is 5.5 cents (\$0.055) per share. At a price of \$120, 0.1% is \$0.12 (12 cents), which is above the maximum, so the commission is capped at 5.5 cents per share. As this example is calculated in dollars rather than points, the commission is shown below as \$0.055 per share.

US Adjusted ARR	3.85%
Spreadex Funding Charge	4%
Spreadex Commission	0.1% (2pts min – 5.5pts max)
Annual Short Borrow Charge	1%
Market Spread	0.06
Market Spread	$0.06 \times 250 / 1.33 = £11.28$
Spreadex Commission	$250 \times 0.055 / 1.33 = £10.34$
Overnight Funding	$7 \times (120 \times 250 / 1.33 \times (4\% - 3.85\%)) / 365 = £0.65$
Short Borrow Fee	$7 \times (120 \times 250 / 1.33 \times 1\%) / 365 = £4.33$
Total Cost	£26.60

INDICES

The Total Spread shown in the examples below is made up entirely of the Spreadex spread; there is no separate market spread for these markets.

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

When long, the adjusted ARR is added whereas if short, it is subtracted. Short position adjustments can therefore be positive or negative: if the adjusted ARR is higher than the Spreadex Funding Charge, the overnight funding will be credited to your account rather than charged.

If you were long £10 per point of the FTSE for 3 nights with a closing price of 10743 each night which you opened and closed during market hours, the total cost would be as shown below.

UK Adjusted ARR	3.73%
Spreadex Funding Charge	4%
Total Spread	1 point
Spread	1 x £10 = £10 3 x (10743 x 10 x (4% + 3.73%)) / 365 = £68.26
Overnight Funding	
Total Cost	£78.26

If you had a CFD account and were short 10 contracts of the France 40 Daily for 2 nights with a closing price of 8150 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 current spot price, in this example, 1.17.

Euro Adjusted ARR	2.44%
Spreadex Funding Charge	4%
Total Spread	1 point
Spread	1 x 10/1.17 = £8.55
Overnight Funding	2 x (8150 x 10/1.17 x (4% - 2.44%)) / 365 = £5.96
Total Cost	£14.51

FOREX

The Total Spread shown in the examples below is made up entirely of the Spreadex spread; there is no separate market spread for these markets.

Forex Funding Charge = Nights Held x ((Interest Differential + 1.5%) 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 1.33 at 10pm each day, the total cost would be as shown below.

*Note that the trade per for GBP/USD is 0.0001

UK Adjusted ARR	3.7279%
US Adjusted ARR	3.8564%
Interest Differential	$3.7279\% - 3.8564\% = -0.1285\%$
Total Spread	0.9 point
Spread	$0.9 \times £5 = £4.50$
Overnight Funding	$2 \times ((-0.1285\% + 1.5\%) \times 1.33 \times 10,000 \times 5) / 365 = £5.00$
Total Cost	£9.50

If you were buying 10 contracts of GBP/USD on your CFD account held across 4 nights with a price of 1.33 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 current spot price, in this example, 1.33.

*Note that the trade per for GBP/USD is 0.0001

UK Adjusted ARR	3.7279%
US Adjusted ARR	3.8564%
Interest Differential	$3.8564\% - 3.7279\% = 0.1285\%$
Total Spread	0.9 points
Spread	$0.9 \times 10 / 1.33 = £6.77$
Overnight Funding	$4 \times ((0.1285\% + 1.5\%) \times 1.33 \times 10,000 \times 10 / 1.33) / 365 = £17.85$
Total Cost	£24.62

COMMODITIES

Spot Gold & Silver Funding Charge = Nights Held x (Spreadex Funding Charge +/- Tom-Next Rate) x Notional Trade Size

Commodity funding charges are calculated on a 360-day basis, in line with the day-count convention used in the US dollar money markets in which commodities are priced. Shares, indices and forex are calculated on a 365-day basis.

The Tom-Next rate is the overnight financing adjustment applied to a commodity position held open from one trading day to the next. For commodities such as gold and silver, the adjustment reflects the financing and carrying costs associated with maintaining the position overnight, rather than the cost of taking physical delivery. The adjustment is applied to the open position based on the relevant overnight financing rate.

Spot gold and silver positions are subject to overnight funding adjustments based on the number of days between the relevant settlement dates.

Since these spot positions typically settle on a **T+2 basis**, an overnight position held through **Wednesday** roll time crosses the weekend in the settlement cycle. As a result, the Wednesday overnight adjustment accounts for **three days of financing (3x Tom-Next rate)**. Similarly, a position held overnight on **Friday** will incur a **three-day funding adjustment (Spreadex Funding Charge)** to account for the weekend.

Therefore, the number of days used to calculate the overnight funding adjustment can be greater than the number of nights the position is actually held, due to the underlying settlement cycle.

If you were long £4 per point of spot Gold for 3 days, opening on Monday morning and closing on Thursday morning, with a price of 4260 at 10pm each day, the total cost would be as shown below:

*Note that the trade per for spot Gold is 0.1

Tom-Next Rate	0.45 / -0.56
Spreadex Funding Charge	4%
Total Spread	3 points
Spread	$3 \times £4 = £12$
Tom-Next	$-0.56 \times 10 \times 4 \times 5 = £112$ (debited)
Overnight Funding	$3 \times ((4260 \times 4 \times 10 \times 4\%)/360) = £56.80$
Total Cost	£180.80

If you were short 5 contracts of spot Silver for 2 days, opening on Friday morning and closing on Tuesday morning, with a price of 6370 at 10pm each day, the total cost would be as shown below:

Since Silver is traded in US Dollars, a GBP/USD conversion is required using the current spot price, in this example, 1.33.

The Tom-Next adjustment is applied for 2 days (the Friday and Monday rolls, one day each, as the weekend is captured in the Wednesday roll under the T+2 settlement cycle). The Spreadex Funding Charge is applied for 4 days (3 days for the Friday roll to cover the weekend, plus 1 day for Monday).

Tom-Next Rate	0.65 / -0.88
Spreadex Funding Charge (Admin Fee)	4%
Total Spread	4 points
Spread	$4 \times 5/1.33 = £15.04$
Tom-Next	$0.65 \times 5 \times 2/1.33 = £4.89$ (credited)

Overnight Funding	$4 \times ((6370 \times 5 \times 4\%)/360)/1.33 = £10.65$
Total Cost	£20.80

Spot Energies & Softs Funding Charge = Nights Held x [((4% x Notional Trade Size)/360) +/- (Stake x Daily Basis Adjustment)]

Spot commodity prices are calculated as a weighted average of the two nearest futures contracts offered.

- Front Month (A) – The futures contract with the nearest expiry date
- Front Month (B) – The futures contract with the next (second nearest) expiry date

As time passes, the spot price gradually moves from the price of the nearest futures contract (A) towards the price of the next nearest futures contract (B). This movement is expected and does not represent a genuine market gain or loss, therefore, to reflect this a daily basis adjustment is applied each day to account for this movement.

How the basis is calculated

- P(A) – Price of the futures contract with the nearest expiry date
- P(B) – Price of the futures contract with the next (second nearest) expiry date
- T1 – Expiry date of the futures contract that has most recently expired
- T2 – Expiry date of the current futures contract with the nearest expiry date

$$\text{Basis} = [P(B) - P(A)] / (T2 - T1)$$

How the adjustment is applied

If the futures curve is upward sloping (Price of B is greater than A):

- Long positions are debited for the daily movement
- Short positions are credited for the daily movement

If the futures curve is downward sloping (Price of B is cheaper than A):

- Long positions are credited for the daily movement
- Short positions are debited for the daily movement

If you were long £3 per point of spot Brent Crude with a price of 10090 for 7 nights, the total cost would be as shown below.

Total Spread	1.4
Price P(A)	10105
Price P(B)	10075
Days between Expiries (T2-T1)	30

Spread	$1.4 \times £3 = £4.20$
Basis Adjustment	$£3 \times (10075 - 10105)/30 = -£3.00$ (credited)
Spreadex Funding Charge	$(10090 \times £3 \times 4\%)/360 = £3.37$
Overnight Funding	$7 \times (3.36 - 3.00) = £2.52$ (debited)
Total Cost	£6.73 (debited)

If you sold short 5 spot Light Crude contracts at a price of 92.80 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 current spot price, in this example, 1.33.

*Note that the trade per for Light Crude is 0.01

Spread	1.4 points
Price P(A)	93
Price P(B)	90.20
Days between Expires (T2-T1)	30
Total Cost	
Spread	$1.4 \times 5/1.33 = £5.26$
Basis Adjustment	$5 \times 100 \times (90.20 - 93)/30/1.33 = -£35.09$ (debited)
Spreadex Funding Charge	$((92.80 \times 100 \times 5 \times 4\%)/360)/1.33 = £3.88$
Overnight Funding	$3 \times (3.88 - (-35.09)) = £116.91$ (debited)
Total Cost	£122.17 (debited)

More information on how spot markets are priced and a further breakdown of the costs involved can be seen [here](#).

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 10850 Put Dec, the total cost would be as follows:

Spread	8 points
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Total Cost	$8 \times £5 = £40$
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CRYPTOCURRENCIES

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

The Total Spread shown in the examples below is made up entirely of the Spreadex spread; there is no separate market spread for these markets.

Cryptocurrency Funding Charge = Nights Held x (0.08% x Stake x Price)

If you were long **£2** per point of Bitcoin for **3** days with a price of 85,700 at 10pm each day, the total cost would be as shown below:

Spreadex Funding Charge	0.08%
Total Spread	45
Spread	$45 \times £2 = £90$
Overnight Funding	$3 \times (0.08\% \times 2 \times 85,700) = £411.36$
Total Cost	£501.36

If you were long 2 contracts of Bitcoin for 5 days on your CFD account with a price of 85,700 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 current spot price, in this example, 1.33.

Spreadex Funding Charge	0.08%
Total Spread	45
Total Cost	
Spread	$45 \times 2 / 1.33 = £67.67$
Overnight Funding	$5 \times (0.08\% \times 2 / 1.33 \times 85,700) = £515.49$
Total Cost	£583.16

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](#).