



COSTS AND ASSOCIATED CHARGES

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1. Introduction

Trading Point of Financial Instruments Ltd, operating under the trading name XM.com, is a Cypriot Investment Firm ("CIF") registered with the Registrar of Companies in Nicosia under number HE 251334 and regulated by the Cyprus Securities and Exchange Commission ("CySEC") under license number 120/10 (hereinafter called the "Company", or "XM", or "we", or "us", or "our", as appropriate).

The Company operates under the Cypriot Law L. 87(I)/2017 titled "Investment Services and Activities and Regulated Markets Law of 2017" (hereinafter "Law"), which transposed the European Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU, as the same may be in force from time to time and modified or amended from time to time (hereinafter "MiFID II").

Following the implementation of the MiFID II, the Company is required to ensure that the information on all costs and associated charges, which may have incurred when trading with our Company, is provided to you.

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.

'**Commission fee**' is charged for trading on XM Zero trading accounts only, when opening and closing a position and is automatically calculated according to the volume traded.

'**Dormant fee**' is a monthly fee imposed on trading accounts which have become archived due to inactivity (trading/withdrawals/deposits) for a period of ninety (90) calendar days, and which have free balance in the account.

3. Costs and Charges

3.1. Types of Costs and Charges Incurred

3.1.1. Spreads

XM offers variable spreads (i.e. not fixed spreads), which means that the spread value constantly changes 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 read more details about our average spreads on our website, at the following link: <https://www.xm.com/forex-trading>.

3.1.2. Swap/Rollover Fee

XM 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.

XM 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, XM applies a 3-day rollover strategy on Wednesdays.

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 into 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 read more details about our swap rates on our website, at the following link: <https://www.xm.com/forex-trading>.

3.1.3. Commission fee

XM charges XM Zero accounts, a commission fee every time a holder of an XM Zero account opens or closes a position. The commission fee is automatically calculated according to the volume traded. Commissions are USD 7 for USD 100,000 transaction. You can read more about the commission fee under the table 'For XM Zero Accounts' on our website, at the following link: <https://www.xm.com/forex-trading>.

Examples of the commission fee calculation (XM Zero Accounts only)

Example 1

For a "Buy 3 lots USD/JPY" position, the transaction size is 300,000 USD. Considering that for a USD 100,000 transaction size, commission is charged for both opening and closing the position at USD 3.5 each. Therefore, for this transaction the commission will be: $2 \times (3.5 \times 300,000 / 100,000) = 21$ USD. The commission fee is deducted from the account during the opening of the transaction for both the operations at once (opening and closing).

Example 2

For a "Buy 2 lots EUR/USD" position the transaction size is 200,000 EUR which corresponds to 220,000 USD, given a EUR/USD exchange rate of 1.10000. Considering that for a USD 100,000 transaction size, commission is charged for both opening and closing the position at USD 3.5 each. Therefore, for this transaction the commission will be: $2 \times (3.5 \times 220,000 / 100,000) = 15.4$ USD. The commission fee is deducted from the account during the opening of the transaction for both the operations at once (opening and closing).

3.1.4. Dormant fee

As per our 'dormant and archiving policy', which you accepted in our Terms and Conditions of Business, in the event that there is no trading activity (i.e. trading/withdrawals/deposits) in your account for a set period of at least ninety (90) calendar days, your account will be regarded to be 'dormant' or 'archived'.

Dormant accounts are charged with a monthly dormant fee of USD 5 or the full amount of the free balance in the account, in the case that the free balance is less than USD 5. 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 ninety (90) calendar days.

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, commissions 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 on their trading account(s) according to their trading activity throughout the year.