

Pricing and Fees

Trading encounters certain costs, and we are always clear about our charges. Below you will find a description of what City Index charges for.

The most up to date and accurate information on charges and fees can be found in the Market Information Sheets available on our trading platform.

If you are uncertain about any of these charges, please do not hesitate to contact our Client Services team.

Spreads

What is a spread?

When a price for a market is quoted, you will actually see two prices. The first price, known as the bid, is the sell price and the second price is the buy price, known as the offer. The difference between the sell and buy price is called the spread.

Fixed and variable spreads

City Index may offer both fixed and variable spreads, depending on the market you wish to trade.

Fixed spreads don't change according to market conditions such as volatility or liquidity. Fixed spreads may either be offered for a defined period of the day, or throughout trading hours.

Variable spreads may fluctuate throughout the day according to different factors such as underlying liquidity or market volatility. With variable spreads, City Index will quote you the minimum spread it could be, plus an average spread for a defined historical period of time.

You can view the spreads for individual markets via the Market Information sheets on your trading platform.

Margin and Leverage

What is margin?

Margin is the amount of money you need to deposit with us in order to place a trade and maintain that position. When you place the trade you must have enough Net Equity (cash and unrealised Profit & Loss) in your account to pay the margin requirement for that trade and the commission (if applicable) and/or any charges including the spread.

What is leverage?

Leverage is expressed as the ratio of a traded contract versus the margin/deposit required to hold that contract. For example, a trade with leverage of 50:1 would require 2 units of margin for every 100 units of the traded consideration (equal to 2% margin). Likewise leverage of 25:1 is equivalent to 4% margin factor, and leverage of 20:1 is equal to 5% margin factor.

What is the margin level for each market?

Our margin requirements differ according to market, asset class and position size. You can find out the specific margin of each instrument in the Market Information sheet on your trading platform.

To calculate the amount of funds required to cover the margin requirement when you open a trade, simply multiply the total notional value of your trade (stake x price of instrument) by the margin factor.

For example, say Vodafone share's margin requirement is 20%. The current buy price of Vodafone is 200p and you wish to spread bet £10 a point.

The total value of the position is £2000 (£10 x 200). £400 would therefore be allocated from your account to open the position (£2000 x 20%).

With City Index's Advantage Trader platform, you can calculate your margin before placing a trade through the platform's margin calculator, monitor each position's margin requirement separately or review your account's total margin requirement through the "margin level indicator".

We reserve the right to change our margin requirements at any time in accordance with our terms and conditions of business.

Margin requirements for large trade sizes

The larger the trade size, the higher the risk level associated with the trade. Therefore we may increase our margin requirements for larger size trades or any additional trades in that instrument. To do this, City Index increases the size of the margin requirement at specific levels, known as 'step margin levels'.

For example, in Company ABC

Spread bet stake size	CFD stake size	Margin
£0 - £10	0-1,000	20%
£10 - £100	1,000- 10,000	30%
£100 - £500	10,000 – 50,000	40%
£500+	50,000+	50%

As a Retail client if you were to place a trade in company ABC at £5 per point, you would be charged an initial margin of 20%. If you were to place an additional buy spread bet of £12 per point in the same market, your total stake size in that market would now be £17 per point.

This means that, for your total spread bet position in this market, the first £10 per point is charged at the initial step margin of 20%. The remaining £7 per point is charged at the second step margin of 30%.

Step margins are only present on Advantage Trader accounts, and are not present on MetaTrader4 accounts.

Order-aware margining for Professional clients

Some markets on the Advantage Trader platforms benefit from orders-aware margining, which means that placing a stop loss order on an open position will reduce the margin required to maintain that position. This feature is only available for Professional clients.

Information on whether a market includes orders aware margining can be found within the market information sheet, however this can only be utilised on the first initial step margin.

It is possible to reduce your margin requirement if a stop loss is placed. When placing a stop, the margin requirement is calculated based on the distance the stop is away from the current price, and you can use the margin calculator in platform to view the margin that is applicable for the trade you wish to set up.

Margins for hedging

Hedging margins on both Advantage Trader and MetaTrader accounts are set to the 'longest leg' whereby you will be charged margin for the longer portion of the hedge trade, and nothing for the shorter leg.

For example, you are trading CFDs and have two open Wall Street positions, originally selling a quantity of 10 and then buying a quantity of 5. In this case, you would only be charged margin for the original, larger side of the trade, the Wall Street short 10 position. Assuming that the margin for selling 10 Wall Street is £1,691.45 and the margin for buying 5 Wall Street is 845.7, you would only need to provide enough margin to cover the original, larger sell position for both of the trades in this market.

Margin Close Outs

What is a margin close out?

If your margin level is at or below the margin close out (MCO) level, we are required to close any or all of your open positions as quickly as possible; this is to protect you from possibly incurring further losses. We strongly recommend that you monitor your margin level carefully, as you should not expect to receive a margin call or warning prior to closure. The Margin Level Indicator on the trading platform makes monitoring your margin level very easy.

Please be aware that during times of high volatility market prices can gap and this may affect the prices at which your positions are closed out.

The calculation for the margin level indicator is determined by the Net Equity in your account divided by your Total Margin Requirement, multiplied by 100. To improve your margin level indicator, you can do one or more of the following:

- Deposit funds
- Close or part close positions
- Add an orders aware stop loss (available on certain markets)

Margin close out levels

The MCO level is set to 50%. We will endeavour to (but are not obliged to) send you a warning email when your margin level indicator falls below 75% allowing you to fund your account prior to a closeout event.

Once your margin level indicator falls below 50% a close out will be actioned on your account. All open positions will be closed out at this point.

In MT4 accounts, MCOs close out the largest losing position first, followed by the next largest, and so on until the account has a minimum of 50% margin again.

Overnight Financing

What are financing charges?

Overnight financing charges may be applied to positions that have no set expiry date, for example spot FX trades. As with our low commissions and tight spreads, these charges are competitive in order to keep your trading costs low. Under normal circumstances, long positions will incur a small charge whilst short positions will be credited overnight financing, although this varies according to the transaction type. You are charged overnight financing on the total value of your positions, and

competitive rates are applied across all of our markets to ensure financing costs are kept to a minimum.

FX overnight financing charge

At City Index, we use one-day interest-rate differentials for the two currencies in the FX pair in order to calculate FX financing. We then apply the market rate premium (or discount), together with our overnight charge - which has a minimum or maximum amount. An indicative amount showing how much you will be charged can be found in the market information sheet for each FX pair, as well as the quantity per charge. Note that on positions held overnight on Wednesdays 3 days are charged to cover financing over the weekend.

Please review the market information sheets in the Advantage Trader and MetaTrader platforms for details on financing charges for each market.

Non-FX overnight financing charges

Financing charges for position which remain open at our market close are calculated using the following formula:

Short Positions $F = V \times I / b$

Long Positions $F = V \times I / b$, where:

F = Daily Financing Fee

V = value of equivalent (quantity x end of day closing price)

I = applicable Financing Rate

b = day basis for currency (365 for GBP, HKD and AUD, 360 for all other currencies)

The daily financing fee will be applied to your account each day that you hold an open position (including weekend days). The financing rates are set at benchmark regional interest rate +/- 2.5%.

Hedged financing

If you have a hedged position open overnight, you will be charged overnight financing on both sides of the trade.

Deposit/Withdrawal Fees

We charge £25 for any withdrawals under £5,000 that require a Clearing House Automated Payment system (CHAPS), otherwise we do not charge for withdrawals.

We charge 1.5% on all credit card deposits. Debit card deposits and transfers do not incur any charges.

Commissions

City Index does not charge any additional commissions on spread bet markets.

City Index also does not charge any commissions on CFD or FX markets, with the exception of CFD equities.

CFD equity commissions vary by market, for UK and most European equities the charge is 0.1% of the consideration, for most US equities it is 0.15% and for most Asian equities it is 0.2%. Our minimum commission rates are £10, \$25 or €25.

Details on commissions for each individual equity can be found within the Market Information sheets on the Advantage Trader platform.

Dividend Adjustments

CFDs and spread bets are subject to corporate actions including dividend adjustments. We may make dividend adjustments if a dividend is scheduled to be paid to the holders of the underlying instrument. These adjustments are normally made on the ex-dividend date. Long positions receive adjustments net of tax, whereas short positions are charged the declared amount of gross tax, where applicable.

This is to reflect the fact that the underlying market will (everything else being equal) open at a lower level on this date as the market goes ex-dividend.

Back to Base Currency Conversion Charges

What is back to base currency conversion?

Back to Base automatically converts any realised profits and losses, adjustments, fees and charges that are denominated in another currency, back to the base currency of your account before applying them to your account.

For example, if your base currency is pounds sterling and you place a CFD trade on the Wall Street Index, as the Wall Street Index is a US dollar denominated market, your profits or losses, as well as any additional charges when applicable (such as commission, financing, dividends, corporate actions etc.) will be denominated in US dollars. Traders with positions in markets that are priced in a currency that is not of your base currency and placed from the 28th April 2012, will be affected. However, traders' existing cash balances – which precede the 28th April 2012 – will not be affected.

We will always apply commercially reasonable rates for Back to Base (Currency Conversions). Conversions and the rates applied will be disclosed on your contract notes and statements.

Orders

Risk management plays an important part in determining your trading success and should be a key part of your trading strategy. We provide an extensive range of order types to help you limit your losses without capping your profit potential.

Risk-management orders are trading tools that can be used to open, close, or amend your spread betting and CFD trading positions at specific prices dictated by you. An order is an instruction to execute a trade when the price of a market reaches a trigger value set by you. Orders can help you to be flexible with your trading decisions. They can also be used to support a range of different trading strategies.

Limit Order

A limit order is an order to buy or sell at a specified price. Limit orders can be used to enter or exit into a position. A buy limit order can only be executed at the limit price or lower, and a sell limit order can only be executed at the limit price or higher. Limit orders are available without charge for City Index customers, and are often used to take profit once a desired level has been reached.

What is market gapping and slippage?

Market gapping occurs when prices literally 'gap' between one price and the next, without trading at the prices in between: usually in times of extreme market volatility. A stop loss order is set at your specified price which, when reached, automatically triggers an order to close your position. The

closing trade is executed at the next available price immediately after the order is triggered.

This can be at the same price, a better or a worse price than the specified execution level. In cases of severe gapping, the execution price may be at a worse price than your order price. Guaranteed stop loss orders (GSLO) are used to ensure that the level at which an order will be executed is the exact level that you've specified, regardless of any gapping in the market, and are only available on the Advantage Trader platform.

Guaranteed stop loss orders

There is an additional charge for placing a GSLO (known as a GSLO premium). GSLOs are not available on all markets, and information on charges and available markets can be found within the markets information sheets on your platform. You can amend GSLOs without additional charges during trading hours only, and order levels must be a minimum distance above and below the current quoted price.

Guaranteed stop loss orders are most useful if you're trading in volatile markets, if you don't want to risk more than the funds you have in your account or if the market is prone to gapping. Say for example you are long stock 'A' at 150p with a guaranteed stop loss order placed at 130p. Stock 'A' closes at 135p on Tuesday.

On Wednesday, the company announces disastrous results before the market opens. This means that when trading hours begin, stock 'A' prices open at 125p, much lower than the previous close. If you had placed a standard stop loss order, the trade would have been automatically closed at 125p. However, as the stop loss was guaranteed, the trade is automatically closed at the specified 130p.

Price Tolerance

Price Tolerance is the price level within which our trading platform may execute your trade immediately even if at the time of execution the price has moved away from that specified by you. Those markets where price tolerance applies will have default tolerance levels set, but they may be altered by you on the trading platform.

If you don't want any slippage in execution price, you can manually set your Price Tolerance level to '0' for each market. This will mean that if we receive a trade request and the price is different, the trade will be rejected and a new trade must be requested. If you want to change your Price Tolerance level, you can do so by amending the Tolerance levels set within the Market Information for each market affected by Price Tolerance.

Price Tolerance is only available on the Advantage Trader platform.

Financial Transaction Taxes / Generic Taxes

Capital Gains Tax

Spread betting is exempt from UK Capital Gains Tax. CFD trading is not exempt; however any profits or losses may be offset against those from your other investments. Please note that tax laws are subject to change and we recommend that you seek independent investment advice.

Stamp duty

Spread betting is exempt from UK Stamp Duty. CFD trading is also exempt from UK stamp duty unless you are trading Irish stocks. There is a 1% stamp duty charge for these; however this will be refunded if you hold the position for less than 30 days. Please note that tax laws are subject to change and we recommend that you seek independent investment advice.

Inactivity Fees

Where no activity has occurred on your account for a period of 12 months or more, your account will be deemed inactive. 'Activity' is defined as placing a trade, and/or applying an order on your account, and/or maintaining an open position during this period. A monthly inactivity fee of £12 (or equivalent to your cash balance if less than £12) will be applied for accounts that are inactive for 12 months or more.

In order to can reactivate your account, we'll need to ensure that we have your up-to-date contact details. We will also need to reassess your trading experience. You will need to complete our Account Reactivation Form and then send it to New Accounts as an attachment. A member of our Account Management Team will be in touch to let you know if we need anything further from you or to let you know that your account has been reactivated.

Exchange Data Charges

Exchange data is the data that is fed into the trading platforms from Exchanges or licensed distributors and is used to display market prices and movements. We do not charge our clients anything in return for this exchange data, and City Index clients also benefit from our price matching feature where we strive to match or improve upon the underlying exchange price.

Special Borrowing Costs

Borrowing costs are incurred when you short a shares CFD position, and reflect a charge incurred in the underlying market when the underlying asset is borrowed in order to sell and return at a later date. When you open such a position and if you incur a borrowing charge, it will be subtracted from the relevant applicable annual interest rate. Very few markets will incur a borrowing charge, and to determine whether the market you wish to trade has borrowing costs or not, please check the relevant market information sheet.

Clearing House Fees**What is central counterparty clearing?**

Central Counterparty Clearing is the model of trading used by City Index. In this model, a clients' credit exposure to his/her broker is transferred to a central clearing house. It forms one of the European Union's (and wider G20's) key tenets in respect to necessary financial reform following the recent global economic crisis and is aimed at increasing stability in the over-the-counter (OTC) derivatives markets by providing greater transparency and reducing counterparty risk. In practical terms, in a Central Counterparty Clearing model when we take a trade from a client we immediately execute a back-to-back trade with a Central Counterparty Clearing house and move all or part of the client's margin capital to the Clearing House – this effectively transfers the client's credit exposure from us to the Clearing House. Client funds remain fully segregated from those of the firm, and those of the Clearing House, in accordance with FCA's client money rules. Client funds protection remains unchanged.

What types of accounts are available?

You can either trade via a general account which provides trading in centrally cleared markets through an Omnibus Segregated Clearing Account (OSCA) and also allows trading in uncleared markets, or you can trade via an Individual Segregated Clearing Account (ISCA) which only allows trading in centrally cleared markets through an ISCA.

The primary difference between these two accounts is the nature of segregation. In both accounts client funds are fully segregated from assets of the firm and the clearing house, but in an OSCA

account client funds are held with other retail client funds, while in an ISCA funds are held separately in your name only.

What are the charges for these account types?

We provide central counterparty clearing through an Omnibus Segregated Clearing Account (OSCA) free of charge as standard to all clients.

If you wish to open an ISCA account, fees apply:

- For an individual these charges are: £13,000 account opening fee, plus account maintenance and transaction charges
- For a corporate entity these charges are: £200,000 account opening fee, plus account maintenance and transaction charges