

# StoneX<sup>®</sup>

NASDAQ: SNEX

[www.StoneX.com](http://www.StoneX.com)

## **StoneX Financial Ltd MiFID II Ex- ante Costs and Charges Disclosures**

## 1. Introduction

Under the Markets in Financial Instruments Directive (MiFID II), StoneX Financial Limited (“SFL” or “the Firm”, “we”, “our” or “us”) is required<sup>1</sup> to inform its clients (“you”) of the costs and charges for the services offered and products traded on an ex-ante (pre trade) basis for wholesale business.

## 2. Purpose

This document aims to provide you with ex-ante information of the Firm’s costs and charges where we provide investment services and activities or ancillary services as defined under MiFID II. It forms part of the Firm’s ongoing efforts to provide transparency to all our clients on our business practices.

Should you require additional information in relation to a particular transaction or service, please contact your StoneX representative. Please note that this disclosure relates to the Firm’s fees only, for third party costs like exchange or clearing fees please refer to their websites, for example London Metal Exchange or ICE Futures Europe.

## 3. Principal transactions

The range of costs outlined in this document is dependent on a number of factors, including but not limited to, the type of financial instrument, the cost, time and potential risk to the Firm, the standardisation of the product or instrument, credit risk, and capital impact.

Depending on the type of financial instrument or product you may trade with the Firm, the information provided to you may concern the product cost and/or the service cost. The costs and charges of the services and of the products traded with the Firm when we deal as principal, whether we buy or sell, both in primary or secondary markets.

For our Fixed Income, Oils Voice Brokerage, Commodities, Agriculturals, FX Forwards, FX Swaps, Rolling Spot FX and Contract for Differences (CFD’s) we trade on a principal basis. The costs and charges quoted to clients are estimates of the maximum costs and charges that would apply for principal transactions in different categories of financial instruments under normal market conditions. Please note that the actual costs and charges incurred may vary depending on the circumstances that are specific to each transaction.

## 4. Agency or matched principal transactions

In transactions where the Firm acts in an agency or matched principal capacity, such as Cash Equities, a fee agreement is agreed at the initiation of a trading relationship. You will generally not incur any service cost, with your costs being limited to a product cost.

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<sup>1</sup> Article 24 of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 in Markets in Financial Instruments and amending Directive 200/92/EC and Directive 2011/61/EU and COBS 6.1ZA.14.

We will periodically review the costs estimates shown in the below grids and make adjustments where necessary. This cost information is provided to you for regulatory purposes only. It is not a recommendation, nor an offer to buy or sell a specific product.

## 5. StoneX costs and charges per asset class

### Fixed Income

For Fixed Income instruments executed in a principal capacity, the price of any transaction we execute with a client may include what we believe to be a reasonable spread around a synthetic midpoint around which the trade is negotiated. This spread is not an explicit transaction charge; rather the price reflects the price at which StoneX is willing to trade that instrument with a client, with a 'markup' embedded within the transaction price.

| <u>Type of cost</u>    | <u>Range (estimated lowest / highest)</u>       |
|------------------------|---|
| Maximum level of costs | 0.1% - 2.5% depending on a number of variables* |

\* including but not exclusive to the liquidity of the security, the cash price of the security and the ad hoc frequency of trade. There may be certain features that cannot be captured by a standardised cost approach, for example very long dated, or infrequently traded products do not conform with the standard model – for these types of ad hoc special situations, clients, upon request, will be provided with the expected cost, in good time, prior to trading, with the price of the instrument provided to the client before committing to the transaction. The relevant impact or importance of each variable (outlined above) on the price, will differ based on specific circumstances relating to the transaction (additional factors may also be relevant). Such ranges are estimations and are based on assumptions that may deviate from costs and charges that will actually be incurred.

### Oils Voice Brokerage

| <u>Type of cost</u>    | <u>Range (estimated lowest / highest)</u>      |
|------------------------|--|
| Maximum level of costs | 1 cent per barrel<br>25 cents per metric tonne |

### Commodities

Inclusive of Exchange traded base metals, OTC base metals, OTC precious metals and energy clearing.

| <u>Type of cost</u>    | <u>Range (estimated lowest / highest)</u> |
|------------------------|---|
| Maximum level of costs | 2 to 3%                                   |

### Agricultural

Inclusive of Exchange traded derivatives and OTCs and structured products

| <b>Type of cost</b>    | <b>Range (estimated lowest / highest)</b> |
|------------------------|---|
| Maximum level of costs | 2 to 3%                                   |

## **FX**

Inclusive of FX Forwards, FX Swaps and Rolling Spot FX

| <b>Type of cost</b>    | <b>Range (estimated lowest / highest)</b> |
|------------------------|---|
| Maximum level of costs | 0.1 to 150 pips                           |

## **Equities**

| <b>Type of cost</b>    | <b>Range (estimated lowest / highest)</b>   |
|------------------------|---|
| Maximum level of costs | In Developed markets, charges range from 3bps-20bps depending on a number of factors*<br><br>Emerging & Frontier markets, charges range from 4bps-175bp depending on a number of factors relevant to the circumstances of the transaction** |

\*including, but not exclusive to, whether the coverage is low or high touch in nature and how and which markets are being accessed for execution or liquidity.

\*\* including but not exclusive to whether the coverage is low or high touch in nature, which markets are being accessed, the settlement profile of the market involved (directly settled etc) and how we access those markets (electronically, or via our local broker network) and the subsequent costs associated, brokerage, market charges, exchange fees and taxes.

## **CFDs**

StoneX offers synthetic equity financing through the use of OTC equity swaps and Contracts for Difference "CFD". These swaps are hedged back-to-back with other banks and finance providers so StoneX does not hold the underlying reference equity as a hedge.

Each swap has an equity performance cash flow and a financing cash flow. The swap purchaser (client) will either be the equity payment receiver (synthetic long position) or the equity amount payer (short performance). StoneX will enter into an offsetting transaction with its hedge provider. The equity cash flow is based on the price movement of the underlying reference equity and any associated corporate action or dividend that contributes to the performance. The compensating payment for the dividend or the corporate action is calculated by StoneX's hedge provider, net of any taxes or other charges, and paid to, or received from, StoneX as part of the equity performance. StoneX pays or receives the equivalent to or from the swap holder. In the event that StoneX has clients with swap trades that offset each other, the default corporate action is applied to both swaps.

The financing cash flow is pegged to a floating rate such as EURIBOR (the “benchmark”). This benchmark plus a spread is agreed with the client before trading per market for example, SONIA plus spread for UK shares or 1M EURIBOR for EURO denominated shares. The spread is either added to the benchmark when the client is the financing leg payer or subtracted when the client is the financing receiver. As above, StoneX will be entering into back-to-back hedge swaps with hedge providers that will also have a benchmark. Unlike the benchmark though, the spread may vary on each swap as it reflects the cost of settling and financing the reference equity (and in the case of a short stock borrow fees) incurred by the hedge provider plus an additional amount. Note, as the EURO is the listing currency for many different countries the spread may differ by country or exchange due to local costs to settle and finance the underlying equity and incurred by the hedge provider. The additional amount reflects StoneX’s cost of dealing with the client and credit risk of the client.

#### Examples of Swap Financing Rates per Market

| Market  | Currency | Reference Rate | Long Spread (bps) | Short Spread (bps) |
|---------|----------|----------------|-------------------|--------------------|
| US      | USD      | SOFR           | 90                | -75                |
| UK      | GBP      | SONIA          | 95                | -75                |
| Germany | EUR      | EURIBOR        | 100               | -85                |

StoneX may charge a client a monthly account charge to cover the cost of account maintenance. The fee ranges between \$5,000 to \$10,000 and may amortise to \$0 based on balances held by the client. This fee is disclosed to the client up front and acknowledged via a signed fee proposal.

#### Custody

StoneX offers clients a custody service, which offers security (Equity and Fixed Income) and cash custody within segregated accounts. The charges associated with this service relate to settlement and cash instructions, Asset under Management, and other processing charges. StoneX will charge a client a monthly account charge to cover the cost of account maintenance. All fees are disclosed to the client up front and acknowledged via a signed fee proposal.

#### Example Custody Fees

| Type of Fee      | Cost   |
|------------------|--|
| Settlement       | \$’s per action dependent of market                    |
| Cancellation fee | \$’s per action dependent of market                    |
| Safekeeping Fee  | BPS on balances, dependent of market                   |
| Min Account fee  | \$10,000 per month                                     |
| Cash Processing  | \$’s per action  |
| Tax Services     | \$’s per event   |
| Cash Interest    | Credit and Debit Interest rates disclosed per currency |

Costs related to ancillary or other services

## **Repo and Securities Lending**

Repo and Securities Services products can be offered to clients under a GMRA or GMSLA. All pricing is agreed on a per transaction basis via a Request for Quote.

## Disclaimer

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