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**VSMARKETS LTD (previously Klips CY Ltd)**

**COSTS AND ASSOCIATED CHARGES POLICY**

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**Document History**

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## 1. GENERAL INFORMATION

This Costs and Associated Charges Policy by **VMARKETS LTD (previously KLIPS CY LTD)** (the “Company”, “VSMARKETS”, “we” and “our”) is provided to you (our Client or prospective Client) in accordance with the Provision of Investment Services, the Exercise of Investment Activities, the Operation of Regulated Markets and Other Related Matters Law 87(I)/2017, as subsequently amended from time to time (the “Law”).

**VMARKETS LTD (previously KLIPS CY LTD) is a limited liability Company incorporated in the Republic of Cyprus with registration number HE431041. VSMARKETS LTD (previously KLIPS CY LTD) is authorised and regulated by the Cyprus Securities and Exchange Commission (“CySEC”) as a Cyprus Investment Firm (“CIF”) with licence number 434/23 and having its registered address at 116 Gladstonos Street, M. Kyprianou House 3rd & 4th floor, 3032, Limassol, Cyprus.**

Pursuant to the Law, the Company is required to provide in good time appropriate information to the Client(s) with regard to the Company and its services, the financial instruments and to ensure that the information on costs and associated charges, which may have incurred when trading with the Company, are disclosed to Client(s) on both ex-ante and ex-post basis.

## 2. PURPOSE

The aim of this Policy is to provide you with information on all costs and associated charges with our products and markets when trading Contracts for Differences (“CFDs”) – including information related to both investment and ancillary services, the information relevant to the financial instruments marketed to the Client(s) and how the Client(s) may pay for it.

The Policy forms an integral part of our Client Agreement which are available on our website [www.vsmarkets.com](http://www.vsmarkets.com), and therefore should be read in conjunction with the Client Agreement. Definitions, words and expressions used in this Policy have the same meaning as provided in our Client Agreement. As a prerequisite of opening an account with Us, You must agree to our Client Agreement. By doing so, you also agree to the terms of this Policy, which is provided to You before the provision of any services. Therefore, please ensure that You have read and understood the provisions of the Policy prior commencing trading with Us.

This Policy details the costs and charges associated with the Company’s products and markets. The examples presented herein serve as an illustration of the cumulative impact that various costs and charges may have on your returns. Please be advised that the total costs incurred will increase proportionally with the size and volume of your trading activities.



### 3. DEFINITIONS

**‘Commission fee’** is charged when a client enters into a CFD transaction based on the account type of the respective client and the notional value of the trade.

**‘Currency Conversion’** is charged for converting any realised profits/losses and/or other fees that are denominated in a currency different to your account currency. The conversion fee that applies only when (a) the transferring of funds between accounts with different base currency is taking place and (b) the account’s base currency is different from the quoted currency of the traded underlying asset therefore a currency conversion is necessary.

**‘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 position relating to finance transactions generated through an account to the next day.

**‘Inactivity fee’** is a monthly fee of EUR 10 imposed on trading accounts which have become archived due to inactivity (trading/withdrawals/deposits) for a period of hundred eighty (180) calendar days, and which have available balance in the account. 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 hundred eighty (180) calendar days of inactivity.



## 4. COSTS AND CHARGES

Type	Description
Spread Cost	<p>Derivative (including foreign exchange derivative) and contracts-for-difference (<b>CFD</b>) transactions incur costs relating to the spread, which is the difference between the bid price and offer price.</p> <p>The “bid price” is the price at which you sell we are willing to buy the underlying asset from you and the “offer price” is the price at which you buy.</p> <p>Taking the example of a foreign currency trade, we buy currency on the wholesale market and sell it to you after building in a spread. We also buy currency from clients and sell it to other clients after building in a spread. The price difference of this spread will depend on factors such as the size and value of the transaction and prevailing market rates. This spread is paid by you, but is incorporated into the quoted rates and is not an additional charge or fee payable by you above those quoted rates. We earn a spread whenever you trade with us. Of course, all buying and selling is notional, because we typically do not actually deliver the currency. We offer a platform that lets you trade currencies.</p>
Commission	<b>VSMARKETS LTD</b> does not charge dealing commissions.
Daily Overnight Funding	<p>You may earn or pay interest, (Overnight Funding rate) by entering and holding a Derivative contract after a certain time in the day has passed.</p> <p>An Overnight Funding adjustment is either added to or subtracted from your account to cover the benefit/cost of the associated funding. The Overnight Funding Time for each instrument is shown under the details tab on the Trading Platform.</p> <p>The Overnight Funding you earn or pay depends on the type and size of products that you buy or sell, and the duration of the position.</p> <p>To view the Overnight Funding and “% (percent) per day” for a specific instrument, go to the main lobby screen, select the instrument required and press details on the far right of the row.</p> <p>We may adjust Overnight Funding rates at any time based on market conditions. This may affect both new and existing open positions. If the Overnight Funding rate is adjusted for an open position, it will be applied from then on, based on the updated position value. Your account balance will be automatically credited or debited with overnight funding at the daily overnight funding time.</p>



Conversion cost	<p>Your account balance is always denominated in Euro (EUR), unless you have specified you wish to maintain your balance in another (home) currency.</p> <p>When you trade we convert the asset currency into your own currency with the rate available in the currency pair on our trading platform. When:</p> <ol style="list-style-type: none"> <li>1. Close Position - we will convert the Net Profit and Loss (P&amp;L) to your own currency at the moment the position is closed - until then the position P&amp;L is valued in its asset currency.</li> <li>2. Open Position - we will convert the Initial Margin and Maintenance Margin to your base currency at the time when the position is opened.</li> </ol> <p><b>Example of conversion:</b></p> <p><i>Your balance is AUD \$100 (one hundred Australian dollars). You open a 500 EUR (five hundred euros) Vodafone position and make a net loss of -10 EUR (ten euros).</i></p> <p><i>Net loss = -10 EUR (ten euros) * 1.2572 (one point two five seven two) = AUD \$-12.57 (twelve Australian dollars and fifty-seven cents) Your new balance: AUD \$100 (one hundred Australian dollars) - AUD \$12.57 (twelve Australian dollars and fifty seven cents) = AUD \$87.43 (eighty-seven Australian dollars and forty three cents)</i></p>
Interest on client money	<p>We place client money into our Segregated Funds Account which is a client trust account. We are entitled to earn any interest (which is calculated daily) on positive balances in the client trust account and do not pay it on to clients.</p>
Credit card payment	<p>We will not charge you a fee for accepting a credit-card payment from you.</p>
Withdrawal	<p>All account withdrawal requests are subject to a minimum withdrawal amount. The minimum withdrawal amount for is EUR €50 (Fifty Euro) (or equivalent).</p> <p>Processing a withdrawal request of less than the minimum withdrawal amount will incur a fee of EUR €10 (ten Euro) (or equivalent). Where you wish to close your account and have funds remaining, please note that funds returned via Credit Card (where your Credit Card is refundable) do not incur an additional fee (or the fee is minimal and will be absorbed by <b>VSMARKETS LTD (previously KLIPS CY LTD)</b> in these instances). However, where funds are returned via other methods (e.g. Bank Transfer, etc.) a fee of EUR €10 (ten Euro) (or equivalent) will be charged to your trading account.</p>
Inactivity Fee	<p>Fees may be payable by you by virtue of the fact that the Trading Platform is continually provided to you for trading in Derivatives, regardless of your actual use. If there are no log-ins on your account for a period of at least six months, you will be liable to pay an Inactivity Fee. The Inactivity Fee will be equal to the lesser of the remaining balance in your account or EUR €10 (ten Euro) levied monthly and in the currency of your account. Upon assessment of the Inactivity Fee your account may also be closed.</p>



## 5. EXAMPLES BASED ON PERFORMANCE SCENARIOS

**Disclaimer:** The information below is for illustrative purposes only.

### 5.1. CFDs on Forex:

Example: BUY 1 LOT EUR/USD

Account Base Currency: EUR

Trade Size (Lot x Contract Size): 100,000 units (1 Lot)

BID/ASK Price: 1.15685 / 1.15701 (Spread 1.6 pips)

Leverage: 1:30 (3.33% margin percentage)

Margin Requirement (Trade Size x Margin x ASK Price): EUR 3,330

Swap for LONG/BUY Positions: -7.34 Points

End of Day Exchange Rate of EUR/USD: 1.15718

Open the Trade on Monday and Close at:	Spread (EUR)	Swap (EUR)	Cost on Investment
Same Day	-13.83	0.00	-0.42%
1 Day	-13.83	-6.34	-0.61%
2 Days	-13.83	-12.69	-0.80%
3 Days (Inc. Wednesday - Swaps x 3)	-13.83	-31.72	-1.37%

Note:

- The spread and commission are one-off cost and charged upon opening of the transaction at once for both operations (open and close).
- For the purpose of this example, we assume that the end of day exchange rate is the same for all days.

Spread:  $(1.15685 - 1.15701) \times 100,000 = -\text{USD } 16 \Rightarrow \text{-EUR } 13.83$   $(-\text{USD } 16/1.15718)$

Swap (1 Day):  $-7.34 \times 1 \times 100,000 \times 0.00001 \times 1 = -\text{USD } 7.34 \Rightarrow \text{-EUR } 6.34$   $(-\text{USD } 7.34/1.15718)$

Swap (2 Days):  $-7.34 \times 1 \times 100,000 \times 0.00001 \times 2 = -\text{USD } 14.68 \Rightarrow \text{-EUR } 12.69$   $(-\text{USD } 14.68/1.15718)$

Swap (3 Days):  $-7.34 \times 1 \times 100,000 \times 0.00001 \times 5 = -\text{USD } 36.70 \Rightarrow \text{-EUR } 31.72$   $(-\text{USD } 36.70/1.15718)$

Cost on Investment =  $(\text{Spread} + \text{Commission} + \text{Swap}) / \text{Margin Requirement}$



### **3.2.2. CFDs on Commodities:**

Example: SELL 1 LOT GOLD (XAU/USD)

Account Base Currency: USD

Trade Size (Lot x Contract Size): 100 ounces (1 Lot)

BID/ASK Price: 1459.72 / 1459.86 (Spread 1.4 pips)

Leverage: 1:20 (5% margin percentage)

Margin Requirement (Trade Size x Margin x BID Price): USD 7,298.6

Swap for SHORT/SELL Positions: 3.82 points

<b>Open the Trade on Monday and Close at:</b>	<b>Spread (USD)</b>	<b>Swap (USD)</b>	<b>Cost on Investment</b>
Same Day	-14	0	-0.19%
1 Day	-14	3.82	-0.14%
2 Days	-14	7.64	-0.09%
3 Days (Inc. Wednesday - Swaps x 3)	-14	19.1	0.07%

#### Note:

- The spread and commission are one-off cost and charged upon opening of the transaction at once for both operations (open and close).
- Since the Account Base Currency is the same as the traded symbol's quoted currency, there is no need to convert the amounts

Spread:  $(1459.72 - 1459.86) \times 100 = -\text{USD } 14$

Commission:  $2 \times -\text{EUR } 3 \times 1 \text{ Lot} = -\text{USD } 2$

Swap (1 Day):  $3.82 \times 1 \times 100 \times 0.01 \times 1 = \text{USD } 3.82$

Swap (2 Days):  $3.82 \times 1 \times 100 \times 0.01 \times 2 = \text{USD } 7.64$

Swap (3 Days):  $3.82 \times 1 \times 100 \times 0.01 \times 5 = \text{USD } 19.1$

Cost on Investment =  $(\text{Spread} + \text{Commission} + \text{Swap}) / \text{Margin Requirement}$

## **6. ANNUAL REPORT ON THE COST AND ASSOCIATED CHARGES**

An overview of the ex-post costs and charges (i.e. including the swap charges, spreads, commissions and inactivity 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 the 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 client to understand the costs and associated charges imposed on their trading account(s) according to their trading activity throughout the year.