
Costs and Fees

Version 2, July 2021

1. Introduction

JME Financial Services (Pty) Ltd (the “Company”) is authorized and regulated by the Financial Sector Conduct Authority in South Africa with License number 37166. The Company’s registered office is at Suite 10, 21 Lighthouse Rd 201 Beacon Rock, Umhlanga Rocks, Kwa-Zulu Natal, 4320, South Africa.

2. Scope

The Company is committed to act honestly, fairly and professionally and in the best interest of its Clients when providing investment services (the ‘Services’) to the clients.

Therefore, the purpose of this document is to set out the Company’s costs and associated fees charged by the Company for the provision of its Services, along with explanatory details for a better understanding (the ‘Policy’).

The following costs and fees applied during the provision of the Company’s Services are applied to all clients of the Company.

3. Types of Costs and Fees

3.1 Dividends Adjustments

The transaction adjustment that will be performed on a CFD on shares in order to reflect the actual stock price on the EX-dividend date. Under Cosmos Trading Platform is referred as “Dividends” while under the MT5 Trading Platform the transaction is reflected as a “dividend transaction”

3.2 Future Rollover or Rollover

The transaction adjustment that will be performed on the expiring Future contract on Bonds, Indices and Commodities, in order to reflect the price of the new one. Under Cosmos Trading Platform is referred as “Rollover adj” while under the MT5 is reflected as a “correction transaction”.

3.3 Spreads

The spread is the difference between the Bid price (selling price) and the Ask price (buying price) of the CFD.

It will be automatically charged when a transaction is opened.

Across instruments, spread will vary in value and type i.e., can be fixed or variable.

There are several factors that influence the size of the spread. The most important is instrument liquidity. Popular instruments are traded with lower spreads (BID/ASK difference) while rare ones raise higher spreads.

Another factor is market volatility. On volatile market, spreads (BID/ASK difference) tend to be wider than during quiet market conditions.

A stock price has also an impact on spreads (BID/ASK difference) which may increase when the price is low, this being related to the idea of low-priced securities being new or small in size, making them less liquid.

How does it work?

Assuming asset A is quoted 10.00/11.00; 10.00 being the price at which you SELL and 11.00 being the price at which you BUY.

When a position is opened, spread will be automatically charged.

- To buy 5 units of asset A at 11.00 (opening price for BUY trades), paid spread will be $5 \times (11.00 - 10.00) = 5$

To sell 5 units of asset A at 10.00 (opening price for SELL trades), paid spread will be $5 \times (11.00 - 10.00) = 5$

3.4 Swap or Swap Fees

Swap or Swap Fees refers to the amount debited or credited to a trader’s account for positions held overnight and it occurs because of the leveraged trading (margin trading).

Effectively, a trader is using a fraction of his funds to open a CFD position (used margin), borrowing the full contract value from the broker. The swap charge is only incurred if the CFD trade is held overnight and depends on the Official Interest Rate of the base currency.

How does it work?

For each day a position is held opened overnight, calculation is based on the following formula:

$$\text{Swap} = \text{Volume} \times \text{Instrument Mid Closing Price (average between Buys and Sell closing price)} \times \text{Instrument Swap}$$

Most banks across the globe are closed on Saturdays and Sundays, so there is no rollover on these days, but the banks still apply interest on these days. To account for that, the Forex market books three days’ worth of Swap Fees on Wednesdays, for the rest of CFDs (shares, indices, commodities, bonds, ETFs, etc.), three days’ worth of Swap Fees are booked on Friday.

That is why, triple swap charge for Forex pairs is Wednesday and for rest of CFDs is Friday.

Swap Free accounts shall remain free of charge during the grace period as indicated in the below table, in accordance with the respective class that the financial instrument belongs to. Positions that continue to be held after the end of the grace period, will be subject to fees which will be charged at 21:00 GMT during summertime or before 22:00 GMT during winter time after the end of the said period.

Symbol Group	Grace Period (# of nights)
Forex Major	5 Nights
Forex Minor	3 Nights
Forex Exotic	2 Nights
Metals	3 Nights
Indices	2 Nights
Energies	4 Nights
Commodities	4 Nights

ETFs	4 Nights
Shares	4 Nights
Cryptos	3 Nights
ThematiX	4 Nights

How does it work?

Example A

Cosmos Trading Platform formula: Quantity * Swap (Buy/Sell) * Mid Closing Price * number of days.

Example:

Assuming a Client's account currency is EUR and Client wants to open a BUY, position held overnight on asset B, swap Rate for Buy position is -0.015%, asset quotes at midnight 100/101 USD per share, and EUR/USD rate of 1.21400, then:

Swap = quantity * Swap (Buy) x Mid Price ** no of days

At midnight = 1 x -0.015% x 100.5 x 1 = -0.015 USD

Swap converted into Euro = -0.015 / 1.214 (EUR/USD rate) = -0.012 EUR

**Please note that all Future rollover, dividends adjustments are converted to the account currency, 0.5% conversion fee apply to all transactions.*

*** Mid Price = Average between BUY and SELL price = (Buy price + Sell price)/2*

MT5 Trading Platform formula: Lot * Contract Size * Point Size * Swap (Long/Short) * number of days.

Example:

Example MT5: Assuming a client's account currency is EUR and Client wants to open a BUY, position held overnight on asset B, swap Rate for Buy position is -0.015%, asset quotes at midnight 100/101 USD per share, and EUR/USD rate of 1.21400, then:

Swap = Lot * Contract Size * Point Size * Swap Long * number of nights

Swap = 0.01 * 100 * 0.01 * (-1.197) * 1 = -0.012 USD

Swap converted into Euro = -0.012 / 1.214 (EUR/USD rate) = -0.010 EUR

*FX Pairs are subject to Triple Swap on Wednesday, while for all other CFD's are subject to Triple Swap on Friday

3.5 Conversion Fee

The Company will apply a conversion fee when an account currency differs from the currency of the traded instrument. The conversion fee will be applied by the Company to used conversion rate and will affect any conversions made on Used Margin, Profit/Loss, Swap Fees, Dividend Adjustments, and Future Rollover.

How does it work?

Conversion fee is a fix fee set by the Company to 0.5%.

Assuming a Client's account currency is EURO and Client wants to open a BUY position on asset B (a CFD on an US share) which is denominated in USD, with a volume of 10 contracts, Asset B quotes at opening time: 10.50/11.50 USD, asset leverage is 1:10 and EUR/USD trades at 1.15000, then:

Used Margin = Volume x Mid Price* x Leverage = 10 x 11 USD x 10% = 11 USD
Used Margin Converted into Euro = 11 USD / 1.15 (EUR/USD rate) = 9.57 EUR
Conversion Fee on Used Margin = 9.57 x 0.5% = -0.048 EUR

Assuming quotes of asset B change to 12.50/13.50 USD per share, then:

Profit/Loss = Volume x (Market price – Opening Price) = 10 x (12.50 – 11.50) = 10 USD
Profit/Loss Converted into Euro = 10 USD / 1.15 (EUR/USD rate) = 8.69 EUR
Conversion Fee on Profit/Loss = 8.69 x 0.5% = -0.043 EUR

Assuming company pays dividend of 0.25 USD/share, then:

Dividend adjustment = Volume x Dividend = 10 x 0.25 USD = 2.5 USD
Dividend Adjustment Converted into Euro = 2.5 / 1.15 (EUR/USD rate) = 2.17 EUR
Conversion fee on Dividend Adjustment = 2.17 x 0.5% = -0.01 EUR

Assuming position is held overnight, Swap Fees for Buy position is -0.015%, asset quote remaining at midnight 12.50/13.50 USD per share, then:

Swap Fees = Quantity x Swap (Buy) x Mid Price* at midnight = 10 x -0.015% x (12.50+13.50)/2 = -0.019 USD
Swap converted into Euro = -0.019 / 1.15 (EUR/USD rate) = -0.016 EUR
Conversion Fee on Swap = -0.016 x 0.5% = -0.00008 EUR

* Mid Price = Average between BUY and SELL price = (Buy price + Sell price)/2

3.6 Inactivity Fee

If the Client Account is inactive for three months (90 days) or more i.e. Client fails to provide an Order, the Company will charge each inactive Client account a fee relating to the maintenance, administration and compliance management of these accounts. The inactive accounts will be subject to a monthly charge of Thirty (30) USD or its equivalent in the currency of the trading account.

How does it work?

- Where a trader has more than one (1) Trading Account and all such Trading Accounts are Inactive Accounts, Inactivity Fee shall be charged separately for each Inactive Account;
- Where a trader has more than one (1) Trading Account, and at least one (1) of the Trading Accounts is active, Inactivity Fee shall apply for each Inactive Accounts;
- Where the balance of any Inactive Account to which Inactivity Fee is applicable, is less than Thirty (30) USD, then the Inactivity Fee for such Inactive Account shall be equal to the amount of the remaining balance on such Inactive Account. We reserve the right to charge the Inactivity Fee retroactively for any month in which we had the right to charge it but did not do so for technical reasons.
- Money left after deducting inactivity fees in the dormant account shall remain owing to the Client and the Company shall make and retain records and return such funds upon request by the Client at any time thereafter.
- If the trader's account is inactive for one year or more, the Company reserves the right (after calling or emailing the Client using the last known contact details) to close the Client Account. Any money to the credit of the Client Account will be remitted by the Company to the client's bank account from where they originated, unless instructed otherwise in writing by the Client.

3.7 Used Margin Calculation

Note: The used margin that the Company applies is calculated as follows:

Cosmos Trading Platform Formula: $(\text{Quantity} * \text{Mid Price} * \text{Margin Rate}) + (\text{Quantity} * \text{Spread})$

Example: Assuming a Client's account currency is EUR, and the client wants to open a BUY position on asset B which is denominated in USD, the quantity of 1, quotes at the opening time: 100/101, leverage of 1:10 and EUR/USD rate of 1.21400, then:
Used Margin = $(\text{Quantity} * \text{Mid Price} * \text{Margin Rate}) + (\text{Quantity} * \text{Spread}) = (1 * 100.5 * 0.1) + (1 * 1) = 11.05 \text{ USD}$

Used Margin Converted into Euro = $11.05 \text{ USD} / 1.214 \text{ (EUR/USD rate)} = 9.10 \text{ EUR}$

*Please note that all dividend adjustments, Future rollover, dividends are converted to the account currency, a 0.5% conversion fee apply to all transactions.

MT5 Trading Platform formula: Lot * Contract Size * Opening Price * Margin Rate.

Example MT5: Assuming a Client's account currency is EUR, and the client wants to open a BUY position on asset B which is denominated in USD, quotes at the opening time: 100/101, leverage of 1:10 and EUR/USD rate of 1.21400, then:

Used Margin = Lot * Contract Size * Opening Price * Margin Rate = 0.01 * 100 * 101 * 0.1 = 10.1 USD

Used Margin Converted into Euro = 10.1 USD / 1.214 (EUR/USD rate) = 8.32 EUR

4. Adjustments

4.1 Future Rollover

A week before the expiration of the Future contract on Bonds, Indices and Commodities a transaction adjustment will be performed on the expiring Future contract, in order to reflect the price of the new one. The Company applies this adjustment as follows:

Cosmos Trading Platform Formula: (Quantity * Contracts Difference) + (Quantity * Spread)

Example:

Scenario 1: New contract trades at a higher price than the expiring contract. Assuming a Client's account currency is USD, and the client is holding a position in a future contract is denominated in USD that will expire the current contract trading trades at 100\$ and new contract trades at 105\$.

If you have a BUY position of 1 contract on the asset subjected to rollover, you will register, at rollover time, an artificial profit of 5\$ (105-100) per each contract opened, as asset price increases from 100\$ to 105\$, in the favour of long trades.

Therefore, a negative adjustment will be processed in your account:

Rollover adjustment = (1 contract x contracts difference (105\$ - 100\$) + 1 contract x Spread) * (-1) = (5\$ + 0.03\$) * (-1) = - 5.03 \$

If you have a SELL position of 1 on the asset subjected to rollover, you will register, at rollover time, an artificial loss of 5\$ per each contract opened, as asset price increases from 100\$ to 105\$ in disadvantage to short trades.

Therefore, a positive rollover adjustment will be processed in your account:

Rollover adjustment = 1 contract x contract difference (105\$ – 100\$) + 1 contracts x Spread x (-1) = 5\$ - 0.03\$ = 4.97\$

Scenario 2: New contract trades at a lower price than the expiring contract.

Let us assume that expiring contract, trades at 105\$ and new contract trades at 100\$.

If you have a SELL position of 1 contract on the asset subjected to rollover, you will register, at rollover time, an artificial profit of 5\$ (100\$ - 105\$) per each contract opened, as asset price drops from 105\$ to 100\$, in favour of short trades.

Therefore, a negative rollover adjustment will be processed in your account:

Rollover adjustment = 1 contract x contracts difference (100 - 105) - 1 contract x Spread = -5\$ - 0.03\$ = - 5.03\$

If you have a BUY positions of 1 contract on the asset subjected to rollover, you will register, at rollover time, an artificial loss of 5\$ per each contract opened, as asset price drops from 105\$ to 100\$ in disadvantage to long trades.

Therefore, a positive rollover adjustment will be processed in your account:

Rollover adjustment = (1 contract x contracts difference (100 - 105) + 1 contract x Spread) *(-1) = (5\$ + 0.03\$) *(-1) = 4.97\$

*Please note that all adjustments, swap, rollover adjustments, dividends are converted to the account currency, 0.5% conversion fee apply to all transactions.

MT5 Trading Platform Formula: Price difference * Contract size * net volume.

Example:

Scenario 1: New contract trades at a higher price than the expiring contract.

Assuming a Client's account currency is USD, and the client is holding a position in a future contract is denominated in USD that will expire the current contract trading trades at 100\$ and new contract trades at 105\$.

If you have a BUY position of 1 contract on the asset subjected to rollover, you will register, at rollover time, an artificial profit of 5\$ (105-100) per each contract opened, as asset price increases from 100\$ to 105\$, in the favour of long trades.

Let us assume that expiring contract, trades at 100\$ and new contract trades at 105\$. If you have a BUY position of 1 contract on the asset subjected to rollover, you will register, at rollover time, an artificial profit of 5\$ (105-100) per each contract opened, as asset price increases from 100\$ to 105\$, in favour of long trades.

Therefore, a negative rollover adjustment will be processed in your account:

Rollover adjustment = (1 contract x contracts difference (105\$ - 100\$) * (-1) = (1 * 5\$) * (-1) = - 5\$

If you have a SELL position of 1 on the asset subjected to rollover, you will register, at rollover time, an artificial loss of 5\$ per each contract opened, as asset price increases from 100\$ to 105\$ in disadvantage to short trades.

Therefore, a positive rollover adjustment will be processed in your account:

Rollover adjustment = 1 contract x contract difference (105\$ - 100\$) * (-1) = 5\$ = 5\$

Scenario 2: New contract trades at a lower price than the expiring contract.

Let us assume that expiring contract, trades at 105\$ and new contract trades at 100\$.

If you have a SELL position of 1 contract on the asset subjected to rollover, you will register, at rollover time, an artificial profit of 5\$ (100\$ - 105\$) per each contract opened, as asset price drops from 105\$ to 100\$, in favour of short trades.

Therefore, a negative rollover adjustment will be processed in your account:

Rollover adjustment = 1 contract x contracts difference (100 - 105) = 5\$

If you have a BUY positions of 1 contract on the asset subjected to rollover, you will register, at rollover time, an artificial loss of 5\$ per each contract opened, as asset price drops from 105\$ to 100\$ in disadvantage to long trades.

Therefore, a positive rollover adjustment will be processed in your account:
Rollover adjustment = (1 contract x contracts difference (100 - 105) = (5\$)

4.2 Dividend Adjustments

Cosmos Trading Platform Formula: Quantity * Dividend Amount

Example: Assuming company pays dividend of 0.25 USD/share, then:

Dividend adjustment (Buy) = Volume x Dividend = 1 x 0.25 USD = 0.25 USD

Dividend Adjustment Converted into Euro = 0.25 / 1.214 (EUR/USD rate) = 0.21 EUR

*Please note that all adjustments, financing swap, rollover adjustments, dividends are converted to the account currency, 0.5% conversion fee apply to all transactions.

MT5 Trading Platform Formula: Volume * Contract Size * Dividend

Example: Assuming company pays dividend of 0.25 USD/share, then:

Dividend adjustment (Buy) = Volume*Contract Size*Dividend = 0.01*100*0.25 USD = 0.25 USD

Dividend Adjustment Converted into Euro = 0.25 / 1.214 (EUR/USD rate) = 0.21 EUR

5. Costs over Time

Assumptions

Invested Amount: 1,000 EUR

Position: Buy position EURUSD

Size: 0.1 Lot

Entry Price: 1.0000

Leverage: 1:10

Holding Period: 5 days

Based on the abovementioned assumptions the price moved in favor towards 1.1050 resulting to a profit of \$50.00 (excluding 2\$ spread cost). Assuming that the profit remains stable, and you keep the specific position for 5 days. In this case the impact of the costs that will affect the Return in Yield of your investment as follows:

Type of Costs	Costs - USD	Costs - %
Investment Services and/or ancillary services (Maintenance fees*, Inactivity Fees**)	0	0%
Financial Instruments (Spreads, Swaps, Conversion Fee)	16.03 USD	32.06%
Total Costs and Charges	16.03 USD	32.06%

* The Company do not charge any maintenance fees.

** Inactivity fees applies to accounts that are inactive for three months.