

Costs and Fees

Version 1, November 2020

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 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 $5 \times (11.00 - 10.00) = 5$

3.2 Overnight Swap

Swap refers to an interest applied 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:

Overnight Swap = Volume x Instrument Mid Closing Price (average between Buys and Sell closing price) x Instrument Overnight Interest

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 rollover interest on Wednesdays, for the rest of CFDs (shares, indices, commodities, bonds, ETFs, etc.), three days' worth of rollover interest 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 22:00 GMT (or 21:00 during BST) 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
Blends	4 Nights

3.3 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, Overnight Swap, Dividend Adjustments, and CFD Rollover adjustment

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, Overnight Interest Rate for Buy positions being - 0.015%, asset quotes remaining at midnight 12.50/13.50 USD per share, then:

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

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

3.4 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.