WHAT’S THIS DOCUMENT FOR?

This document will show you the costs and charges associated with our products (spread betting, CFDs, share dealing and IG Smart Portfolios) and markets.

You’ll find formulae for how we calculate our charges, both throughout the document and collected in Appendix A, as well as worked examples. You can apply these to your own trades to estimate the cumulative effect of our costs and charges on your returns.

It’s important to remember that your total costs will increase proportionate to your trading sizes and volumes.
**COMMODITIES**

The costs and charges

When you open a daily funded bet or trade cash CFDs on one of our commodity markets, you’ll pay:

1. Our spread (the difference between the bid and ask prices; includes the market spread, which can vary dependant on market conditions)
2. An overnight funding adjustment (if you hold your position past 10pm UK time)

**The overnight funding adjustment**

The formula for calculating the overnight funding adjustment on commodities is broken down into two parts; the daily movement along the futures curve (basis), and the IG charge.

We call this an adjustment, not an outright charge, because the basis may be a credit or a debit. This will depend on the direction of your trade and the slope of the futures curve. Please read Annex B: How we price our undated commodity markets for more information about the basis, and how it will affect your position.

**Formulae**

1. Formula for commodities overnight funding adjustment =
   
   **EITHER** nights held x (trade size x (basis + IG charge)), for long trades on upward-sloping futures curves, or short trades on downward-sloping futures curves; trades in which you will pay the basis,
   
   **OR** nights held x (trade size x (basis – IG charge)), for short trades on upward-sloping futures curves, or long trades on downward-sloping futures curves; trades in which you will receive the basis

2. Formula for the basis = (P3 – P2) / (T2 – T1)
   
   P2 = price of front future
   
   P3 = price of next future
   
   T1 = expiry date of the previous front future
   
   T2 = expiry date of the front future

3. Formula for the IG charge = Undated mid price x 2.5% / 360*.

   The undated mid price is a snapshot of the mid price of the cash CFD or DFB on the relevant date

**Commodities spread bet example**

Imagine that you’re selling three standard contracts of Coffee – New York (Arabica). The contract size is $3.75, and the spread is 20 points.

Let’s look at what the trade would cost if you held it for one night, based on the following:

<table>
<thead>
<tr>
<th>T1 and T2 difference</th>
<th>= 31 days</th>
</tr>
</thead>
<tbody>
<tr>
<td>P2</td>
<td>= 4700</td>
</tr>
<tr>
<td>P3</td>
<td>= 4770</td>
</tr>
<tr>
<td>Undated mid price</td>
<td>= 4730</td>
</tr>
<tr>
<td><strong>Overnight adjustment</strong></td>
<td>Basis + IG charge</td>
</tr>
<tr>
<td>Trade size x (P3 – P2) / (T2 – T1)</td>
<td>= £10 x (((4770 – 4700) / 31) + (4730 x 2.5% / 360))</td>
</tr>
<tr>
<td>P2 - price of front future</td>
<td>= £22.58 + £3.24</td>
</tr>
<tr>
<td>T2 - T1</td>
<td>= £25.82</td>
</tr>
</tbody>
</table>

In this example, the IG charge for holding the position overnight is £3.24. The £22.58 basis adjustment will appear in the running profit or loss on the position as either a credit or debit, depending on the direction of your trade and the slope of the futures curve.

Based on the above example held for one night, the total cost would be as follows:

**Spread** = £28

**Overnight funding charge (within adjustment)** = £3.24

**Total cost** = £31.24

For any position opened before 10pm Friday that is still open after 10pm Friday, the basis adjustment will be made for three days as opposed to one. This three-day adjustment is applied on the Sunday night or Monday morning.

**Commodities CFD trade example**

Imagine that you’re selling three standard contracts of Coffee – New York (Arabica). The contract size is $3.75, and the spread is 20 points.

Let’s look at what the trade would cost if you held it for two nights, based on the following:

<table>
<thead>
<tr>
<th>T1 and T2 difference</th>
<th>= 90 days</th>
</tr>
</thead>
<tbody>
<tr>
<td>P2</td>
<td>= 12470</td>
</tr>
<tr>
<td>P3</td>
<td>= 12825</td>
</tr>
<tr>
<td>Undated mid price</td>
<td>= 12668.9</td>
</tr>
<tr>
<td><strong>Overnight adjustment</strong></td>
<td>basis + IG charge</td>
</tr>
<tr>
<td>Trade size x (P3 – P2) / (T2 – T1)</td>
<td>= £11.25 x (((12825 – 12470) / 90) – (12668.9 x 2.5% / 360))</td>
</tr>
<tr>
<td>Basis</td>
<td>= £44.37 – £9.90</td>
</tr>
<tr>
<td>IG charge</td>
<td>= £34.47 (received)</td>
</tr>
<tr>
<td>Nights held</td>
<td>= £68.94</td>
</tr>
</tbody>
</table>

Since this is a dollar trade, we also need to convert it into sterling. We charge an admin fee of 0.5% of the conversion rate. Say the conversion rate on this day is 1.3305 – with our admin fee, we get a conversion rate of 1.337125.

**Converted overnight adjustment** = £68.94 / 1.337125

= £51.55 (received)

Based on the above example held for two nights, the total cost would be as follows:

**Spread** = 20 x $3.75 x 3

= $225

** Converted spread** = $225 / 1.337125

= £168.27

**Overnight funding charge (within adjustment)** = 2 x 9.76

= £19.52

**Converted overnight funding charge** = £19.80 / 1.337125

= £14.81

**Total cost** = £183.08
COSTS FOR SPREAD BETS AND CFD TRADES (CONTINUED)

FOREX

The costs and charges
When you open a daily funded bet or trade cash CFDs on one of our forex markets, you’ll pay:
1. Our spread (the difference between the bid and ask prices; includes the market spread, which can vary dependant on market conditions)
2. An overnight funding charge (if you hold your position past 10pm UK time)

Forex settles on a T+2 basis, so if you hold a position overnight on a Wednesday, you’ll be charged for three days’ carry.

Formulae
1. Formula for forex overnight funding charge = nights held x (tom-next rate including annual admin fee) x trade size
2. Formula for annual admin fee = cash mid price x 0.8% for mini contracts and spread bets and CFD standard contracts

We take our tom-next rate from the underlying market. For more information on how tom-next is calculated, please see Appendix C: What is tom-next?

Forex spread bet example
Imagine that you’re short £5 per point on EUR/USD, with a spread of 0.75, and you hold the position for two nights.

<table>
<thead>
<tr>
<th>Underlying tom-next</th>
<th>0.56/-0.58</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash mid price</td>
<td>11780</td>
</tr>
<tr>
<td>Admin fee</td>
<td>11780 x 0.8% / 360 = 0.26</td>
</tr>
<tr>
<td>Tom-next with admin fee</td>
<td>0.30 / -0.84</td>
</tr>
</tbody>
</table>

We use this positive number in our calculation, as this is a short position.

Total cost:
- Spread = 0.75 x £5 = £3.75
- Overnight funding = 2 x 0.3 x £5 = £3.00 (received)

Total cost = £0.75 (spread minus overnight funding received)

Forex CFD trade example
Imagine that you’re buying 5 contracts of GBP/USD, with a spread of 0.9, held for one night on Wednesday. Forex trades are settled on a T+2 basis, so if you hold a position overnight on a Wednesday, you pay to hold your position for three nights rather than one. You’ll only be charged one day of the IG admin fee on a Wednesday, however if you were to hold on a Friday you will pay three day’s of IG’s admin fee to account for holding over the weekend.

Underlying tom-next = 0.27/-0.3
Cash mid price = 13176
Admin fee = 13176 x 0.8% / 360 = 0.29
Tom-next with admin fee = (3 x 0.27) – 0.29 / (3 x -0.3) – 0.29 = 0.52 / -1.19
We use this negative number in our calculation, as this is a long position

Since this is a dollar trade, we need to convert it into sterling. Our admin fee is 0.5% of the conversion rate, so if the conversion rate is 1.3176, we’d get a rate of 1.31.

Total cost:
- Spread = 0.9 x £50 = £45
- Overnight funding = -1.19 x £50 = £59.50

Total cost = £78.57

In the event that your base currency is different to the currency of the charge, you’ll see this converted at the predominate rate of the time on your statement.

SHARES

The costs and charges
When you open a daily funded bet or trade cash CFDs on one of our share markets, you’ll pay:
1. Our spread (the difference between the bid and ask prices) on spread bets, or our commission on CFD trades
2. The market spread, which can vary dependant on market conditions
3. An overnight funding charge (if you hold your position past 10pm UK time)
4. Borrow (if shorting a share market)

Formulae
1. Overnight funding charge = nights held x (market closing price x trade size x (2.5% +/- LIBOR)) / 360*

If you’re long, you pay LIBOR (or the equivalent interbank rate). If you’re short, you receive it.
IG Costs and Charges, October 2022

COSTS FOR SPREAD BETS AND CFD TRADES (CONTINUED)

Shares spread bet example
Imagine that you’re long £25 per point on Barclays. You hold your trade for 3 nights, with a closing price of 184.20 each evening.

<table>
<thead>
<tr>
<th>Current UK LIBOR rate</th>
<th>= 0.37%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market spread</td>
<td>= 0.05 points</td>
</tr>
<tr>
<td>IG spread</td>
<td>= 0.41</td>
</tr>
<tr>
<td>Total spread</td>
<td>= 0.46</td>
</tr>
<tr>
<td>Total cost:</td>
<td></td>
</tr>
<tr>
<td>IG spread</td>
<td>= 0.41 x £25 = £10.25</td>
</tr>
<tr>
<td>Market spread</td>
<td>= 0.05 x £25 = £1.25</td>
</tr>
<tr>
<td>Overnight funding</td>
<td>Nights held x Trade size x (LIBOR +/- Admin fee) / 365</td>
</tr>
<tr>
<td></td>
<td>3 x (184.2 x 25 x (2.5% + 0.37%) / 365 = £1.09</td>
</tr>
<tr>
<td>Total cost</td>
<td>= £12.59</td>
</tr>
</tbody>
</table>

Shares CFD trade example
Now imagine you’re selling 250 Apple share contracts, held for four nights with a price of 167.20 each evening.

<table>
<thead>
<tr>
<th>Current US LIBOR rate</th>
<th>= 1.24%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual borrow charge</td>
<td>= 0.60%</td>
</tr>
<tr>
<td>Market spread</td>
<td>= 0.1</td>
</tr>
</tbody>
</table>

Since this is a dollar trade, we also need to convert it into sterling. We charge an admin fee of 0.5% of the conversion rate. Say the conversion rate on this day is 1.3305 – with our admin fee, we get a conversion rate of 1.3234.

Total cost:
- Market spread = 0.1 x 250 = £25
- Converted market spread = 25 / 1.3234 = £18.89
- IG commission = £30 ($15 to open and $15 to close)
- Converted IG commission = 30 / 1.3234 = £22.67
- Overnight funding = 4 x 250 x 167.20 x (2.5% - 1.24%) / 360 = £5.85
- Converted overnight funding = 5.85 / 1.3234 = £4.42
- Borrow = 4 x 250 x 167.2 x 0.6% / 360 = £2.78
- Converted borrow = 2.78 / 1.3234 = £2.10

Total cost = market spread + IG commission + overnight funding + borrow = £18.89 + £22.67 + £4.42 + £2.10 = £48.08

INDICES

The costs and charges
When you open a daily funded bet or trade cash CFDs on one of our index markets, you’ll pay:
1. Our spread (the difference between the bid and ask prices; includes the market spread, which can vary dependant on market conditions)
2. An overnight funding charge (if you hold your position past 10pm UK time)

Formulae
1. Overnight funding charge = Nights held x (market closing price x trade size x (admin fee +/- LIBOR)) / 360*

Our admin fee is 2.5% for spread bets and standard CFD contracts, and 3% for minis. If you’re long, you pay LIBOR (or the equivalent interbank rate). If you’re short, you receive it.

Indices spread bet example
Imagine that you’re buying £10 per point of our FTSE 100 DFB. You hold your trade for two nights, with a closing price of 7488 on both evenings.

| Current UK LIBOR rate | = 0.37% |

You open and close your position during market hours, so the total spread charged is one point.

Total cost:
- Spread = £10 x 1 = £10
- Overnight funding = 2 x (£10 x 7488 x (2.5% + 0.37%) / 365) = £11.78

Total cost = £21.78

Indices CFD trade example
Imagine that you’re selling 20 mini contracts of Germany 30 cash. You hold your trade for seven nights (including the weekend), with a price of 13446 at 10:00pm on all evenings.

| Current EURIBOR rate | = –0.372% |

You open and close your position during market hours, so the total spread charged is one point.

Total cost:
- Spread = €20 x 1 = €20
- Converted spread = €20 x 0.8793 = £17.59
- Overnight funding = 7 x €20 x 13446 x (3% - (-0.372%)) / 360 = €176.32
- Converted overnight funding = €176.32 x 0.8793 = £154.04
- Overall cost = £172.63

EQUITY OPTIONS

The costs and charges
When you open a daily funded bet or trade cash CFDs on one of our equity options, you’ll pay:
1. Our spread on spread bets/our commission on CFD trades
COSTS FOR SPREAD BETS AND CFD TRADES (CONTINUED)

2. The market spread, which can vary dependant on market conditions. The spread is the difference between the bid and ask prices.

Equity options spread bet example
Imagine you’re selling £20 per point of the Marks and Spencer Group 300 PUT expiry JAN, and hold until expiry.

IG spread = 1 point
Market spread = 3.75 points

Total cost:
IG spread = £20 x 1
  = £20
Market spread = £20 x 3.75
  = £75

Total cost = £95

Equity options CFD trade example
Imagine you’re buying 15 lots of the SPY 25750 CALL expiry DEC, and hold for 2 weeks. One lot = 100 shares for US equity options.

IG commission = $5 per lot, charged to open and close
Market spread = 3 points

Total cost:
IG commission = 2 x 15 x $5
  = $150
Since this is a dollar trade, we also need to convert it into sterling. We charge an admin fee of 0.5% of the conversion rate. Say the conversion rate on this day is 1.3305 – with our admin fee, we get a conversion rate of 1.3238.

Converted IG commission = $150 / 1.3238
  = £113.31
Market spread = $0.03 x 15 x 100
  = $45
Converted market spread = $45 / 1.3238
  = £33.99

Total cost = £147.30

SHARE DEALING CHARGES
The costs and charges
When you buy and sell shares with IG, you could pay (depending on the country that the stock is located in):

1. The market spread
2. IG commission
3. Stamp duty
4. PTM levy

You can also pay for data feeds for different exchanges, which incur monthly charges. These are listed in My IG, the admin hub that you reach when you log in to your IG account.

You can see all potential share dealing charges and fees on our website: https://www.ig.com/uk/investments/share-dealing/costs-fees

Share dealing example
Imagine you’re buying 650 shares of Rio Tinto at 3725 per share. You haven’t traded on a leveraged account in the previous month, and you’ve traded less than 3 times on share dealing, so you don’t qualify for our £3 commission rate. You sell the holding within the same month.

| Market spread | = 0.5p |
| IG commission | = £8 to buy and sell |
| Stamp duty | = 0.5% of trade consideration when buying |
| PTM levy | = £1 when buying and selling |

Total cost:
| Market spread | = 650 x 0.5p |
| = £325 |
| IG commission | = 2 x £8 |
| = £16 |
| Stamp duty | = 0.5% x 650 x 3725 /100 |
| = £121.06 |
| PTM levy | = 2 x £1 |
| = £2 |

Total cost = £142.31

Please note that the forex rate and prices may be subject to change each evening and as such, costs may vary on a daily basis.

IG SMART PORTFOLIO FEES
The costs and charges
When you invest in an IG Smart Portfolio, you’ll pay:

1. An annual IG management fee
2. The annual fund cost

Please note that charges can vary dependent on value of funds invested. Please click the link below for more information on our tiered charges structure.

https://www.ig.com/uk/investments/smart-portfolios/costs-fees

IG Smart Portfolio example
You have an IG Smart Portfolio with £20,000 invested.

Annual IG management fee = 0.65% of portfolio value
Approximate annual ETF cost = 0.22% of portfolio value

Your smart portfolio will fluctuate in value and be rebalanced periodically. Below are three different notional values of your portfolio over a 30-day month:

1. £20,000 for the first 10 days (unchanged)
2. £21,000 for the next 12 days
3. £20,500 for the following 8 days

Total monthly cost =
1. (£20,000 x 0.65% / 365 x 10) + (£20,000 x 0.22% / 365 x 10)
  = £3.56 + £1.21
  = £4.77
2. (£21,000 x 0.65% / 365 x 12) + (£21,000 x 0.22% / 365 x 12)
  = £4.49 + £1.52
  = £6.01
3. (£20,500 x 0.65% / 365 x 8) + (£20,500 x 0.22% / 365 x 8)
  = £2.92 + £0.99
  = £3.91

Total cost = £4.77 + £3.91 + £6.01
  = £14.69

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These are the formulae you’ll find used throughout this document, displayed here for quick reference.

**CURRENCY CONVERSION FEE**
0.5% x conversion rate

**COMMODITIES**

**Overnight funding adjustment**

Either \( \text{Trade size} \times (\text{basis} + \text{IG charge}) \) for long trades on upward-sloping futures curves, or short trades on downward-sloping futures curves; trades in which you will pay the basis.

Or \( \text{Trade size} \times (\text{basis} - \text{IG charge}) \) for short trades on upward-sloping futures curves, or long trades on downward-sloping futures curves; trades in which you will receive the basis.

**Basis**

\[(P3 − P2) / (T2 − T1)\]

\(P2\) = price of front future

\(P3\) = price of next future

\(T1\) = expiry date of the previous front future

\(T2\) = expiry date of the front future

**IG charge**

Undated mid price x 2.5% / 360*

The undated mid price is a snapshot of the mid price of the cash CFD or DFB on the relevant date.

**FOREX**

**Overnight funding charge**

(tom-next rate including annual admin fee) x trade size

**Annual admin fee**

Cash mid price x 0.8% for for CFD contracts, mini contracts and spread bets.

**SHARES AND INDICES**

**Overnight funding charge**

Market closing price x trade size x (admin fee +/- LIBOR) ÷ 360*

Our admin fee is 2.5% for spread bets and standard CFD contracts, and 3% for minis. If your position is long, you pay LIBOR (or the equivalent interbank rate). If you’re short, you receive it.

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* For the majority of markets, a division of 360 is applied. For markets denominated in GBP, SGD and ZAR, a division of 365 is applied.