

# COSTS AND CHARGES POLICY



Version: 2

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## 1. Introduction

Magic Compass Ltd (“The Company”) is a Cyprus Investment Firm (CIF) regulated and licensed by the Cyprus Securities and Exchange Commission (CySEC) with CIF license number 299/16 and company registration number **HE341562**. The Company is located at **Sarlo 9, Agios Athanasios, 4106 Limassol, Cyprus**.

## 2. Legal Framework

Following the implementation of the markets of the Markets in Financial Instruments Directive 2014/65/EU (“MiFID ii”) along with the Delegated Regulation EU 2017/565 and in accordance with the provisions of the investments Services and Activities and Regulated Markets Law of 2017, L.87(I)/2017, the company is obligated to furnish timely and relevant information to clients or prospective clients concerning the investment firm and its offerings, the financial instruments available, suggested investment strategies, execution venues, as well as all associated costs and charges. The aforementioned information must be presented in a clear and understandable manner, enabling clients or prospective clients to reasonably grasp the nature and risks associated with the investment service and the specific financial instrument being offered. This clarity is essential for them to make informed investment decisions.

## 3. Ex-ante and ex-post disclosure of information

Under MiFID II, the Company needs to provide both ex-ante and ex-post disclosure in order to improve transparency for clients.

**The ex-ante disclosure** is given before the provision of services about the costs related to the financial instrument or ancillary service and will be provided based on an assumed investment amount.

**The ex-post disclosure** is the information related to costs and charges which should reflect the client's actual investment amount at the time the disclosure is produced.

Article 50(2) of MiFID II Delegated Regulation 2017/565 provides that for ex-ante and ex-post disclosure of information on costs and charges to clients, investment firms shall aggregate the following:

- all costs and associated charges charged by the investment firm or other parties where the client has been directed to such other parties, for the investment services(s) and/or ancillary services provided to the client; and
- all costs and associated charges associated with the manufacturing and managing of the financial instruments.

## 4. Cost and Charges

Please find below the relevant fees (costs and charges) applicable to Magic Compass Ltd Clients:

### 4.1 Spread

Spread is the difference, usually indicated in pips, between the Bid (sell) and Ask (buy) price (the “Spread”). The Spread values vary for different accounts as well as depend on the instrument traded. The spread is variable; therefore, it may increase depending on the market conditions and the volatility.

Example on 1 standard lot of EURUSD:

1 standard lot of Forex currency pair is equal to 100,000 units of the base currency. Current Bid/Ask price is 1.03170/1.03179

Spread = **Ask Price – Bid Price** = 1.03179-1.03170= 0.00009

Calculation of the cost is **Volume traded per lot\*Point Size\*Spread= 1\*100,000\*0.00009= 9 USD**

#### 4.2 Swap/Rollover fee

Swap is the interest added or deducted from the value of your position and is only charged when a position is held open overnight. The operation is conducted at 00:00 (EET time1) and the resulting amount is automatically converted into your Balance Currency.

The swap rate is calculated once for each day of the week that a position is rolled over with the exception of Wednesday, when it is charged 3 times to capture the weekend swap charged in advance (i.e.7 swaps in 5 trading days). You will be able to find the value of the swap rate charged for each instrument by accessing the Trading Platform through your account the applicable/current rates charged. Rates may change quickly due to market conditions (changes in interest rates, volatility, liquidity etc.) and due to various risk related matters that are at Company's sole discretion.

1 EET Standard time= GMT+2, when DST is in use EET Summer time = GMT+3

For example:

The Swap formula = Contract size\*Lot\*(long swap or short swap) \*point size

Metals - GOLD	
Long Swap	-4.476
Swap Short	-1.5552
No of Lots	1 Lot
Contract Size	100 Units
Points	0.01
<b>Swap Calculation for 1 lot EURUSD for Long</b>	<b>100*1*(-4.476)*0.01=-4.476 USD</b>
<b>Swap Calculation for 1 lot EURUSD for short</b>	<b>100*1*(-1.5552)*0.01=-1.5552 USD</b>
Spot Commodities - USOUSD	
Long Swap	-31.739
Swap Short	-86.086
No of Lots	1 Lot
Contract Size	1000 Units
Points	0.001

<b>Swap Calculation for 1 lot EURUSD for Long</b>	<b><math>1000*1*(-31.739)*0.001=-31.739</math> USD</b>
<b>Swap Calculation for 1 lot EURUSD for short</b>	<b><math>1000*1*(-86.086)*0.001=-86.086</math> USD</b>
<b>Index – NAS100</b>	
Long Swap	-0.642
Swap Short	-5.5704
No of Lots	1 Lot
Contract Size	1 Units
Points	0.1
<b>Swap Calculation for 1 lot EURUSD for Long</b>	<b><math>1*1*(-0.642)*0.1=-0.0642</math> USD</b>
<b>Swap Calculation for 1 lot EURUSD for short</b>	<b><math>1*1*(-7.15)*0.1=-0.715</math> USD</b>

#### 4.3 Currency Conversion

It is the cost of converting realized profit and losses, adjustments, fees and charges that are dominated in a currency other than the base currency of your trading account.

Example:

Client's account is in EUR

Currency Pair	EURGBP
Closed Profit	1000 GBP
EURGBP value at position close	0.877
Conversion	$1000/0.877= 1140.25$ EUR

#### 4.4 Commission

It means the commission you pay when you buy and sell an instrument calculated according to the volume traded or per trade basis. Magic Compass Ltd charges commission with regards to specific financial instruments:

- Commissions on CFDs on Metals/Forex: 6USD (or equivalent in other currencies) for an in/out transaction. (Example 1 and 2)
- Commissions on CFDs on Indices: 1USD (or equivalent in other currencies) for an in/out transaction. (Example 3)

EURUSD	
Opening Position on EURUSD	Fee charged = 6 USD
Closing Position on EURUSD	Fee charged = 6 USD
Total cost	12 USD
GOLD (XAUUSD)	
Opening Position on XAUUSD	Fee charged = 6 USD
Closing Position on XAUUSD	Fee charged = 6 USD
Total cost	12 USD
NAS100	
Opening Position on NAS100	Fee Charged = 1 USD
Closing Position on NAS100	Fee Charged = 1 USD
Total cost	2 USD

#### 4.5 Inactivity/ Dormant Fee

Fees may be payable by you by virtue of the fact that the Trading Platform is continually provided to you for trading, regardless of your actual use. If there are no transactions (deposits, withdrawals or trading activity) on your Trading Account for a period of at least three (3) months or more your Trading Account is deemed as "Inactive" and the Company reserves the right, to charge a monthly inactivity fee on your Trading Account, in return for the provision of the continued availability of your Trading Account. You agree that you are liable to and will pay the applicable fee as notified to you from time to time and that we may deduct such fee from any funds held by us on your behalf. You will be charged a monthly inactivity fee of the amount of 15 EUR (15 Euros) until your Trading Account becomes active again.