

Tutorial Number 1: Getting Started

(1.1) What Is Spread Betting?

Spread betting is a tax-free, commission free alternative to trading shares and other financial instruments.

- Spread bets are often cheaper than buying ordinary shares
- Spread bets let you trade a wide variety of instruments
- Spread bets let you make profit when markets are falling as well as rising.

In addition, spread betting is:

- Free from Capital Gains Tax (in Ireland and the UK)*
- Free from Stamp Duty (in Ireland and the UK)*
- Free from broker commissions
- Free from broker account fees
- Free from broker foreign exchange transaction costs (e.g. for UK or US shares)
- Free from foreign exchange risk (e.g. for UK or US shares)

* Tax laws are subject to change

(1.2) What Can You Trade?

You can trade on a much wider range of assets than traditional investing:

- **Shares** from 12 countries including Ireland, the UK and the USA
- **Indices** such as the ISEQ 20, FTSE 100 and the S&P 500
- **Foreign Exchange** such as the US Dollar and Sterling
- **Commodities** such as Oil and Gold
- **Bonds** and **Interest Rates**
- **Binary Bets**

(1.3) How Must Does It Cost?

A spread bet always has two prices – the **BID** price (that you can sell at) and the **ASK** price (that you can buy at). The difference between the two prices is called the spread. In the example below the spread is $6.00 - 6.08 = 8$ cents.



With spread betting there is no commission and no account charges. The only "fee" that you pay is the spread multiplied by your stake.

(1.4) An Example Of A Spread Bet

The price for Ryanair is currently €6.00 - €6.08. You decide Ryanair is likely to rise, so you buy at 6.08 for €5 a point. For every cent the share price moves, you win or lose €5.

As it happens Ryanair goes up. You decide Ryanair is not likely to rise any more when it reaches €6.50 - €6.58 You close your bet by selling at €6.50.

The result of your bet is:

The price you sold at	6.50
<u>(Less the price you bought at)</u>	<u>(6.08)</u>
Your stake	x€5
Profit	€10

(1.5) How To Open An Account?

Top left of the paddypowertrader homepage

To open a real money account, click on "Apply For Account".

If you would to practice spread betting first, click on "Open Demo Account". This will give you €10,000 of virtual money to trade with.

