

CLIENT INFORMATION

How Currency Conversion Works When Buying ETFs

A practical guide to what happens with your money when you buy an ETF listed in a currency other than your MetaTrader 5 trading account currency.

1 Why the currency topic matters for ETFs

Our clients can buy ETFs (Exchange Traded Funds) from various exchanges and markets around the world. These ETFs may be listed in different currencies – most commonly EUR or USD, but you may also come across ETFs in pounds (GBP), Swiss francs (CHF) and other currencies. At the same time, your trading account on the MetaTrader 5 (MT5) platform is held in one specific currency – for example CZK, EUR or USD.

When the ETF's currency differs from your account currency, the trade automatically triggers a conversion between the two currencies. This document explains that process step by step.

HOW THIS EXAMPLE IS STRUCTURED

To keep the explanation as clear as possible, the whole document is built around a single, consistent example: the client holds a MetaTrader 5 account denominated in CZK and buys an ETF listed in EUR – specifically SXR8 (iShares Core S&P 500 UCITS ETF). The same principle applies to any other combination of account and ETF currencies.

2 The two currencies in play

ETF CURRENCY - EUR

The currency in which the ETF is listed on the exchange. In our example this is the ETF SXR8, traded in EUR on a European exchange.

ACCOUNT CURRENCY - CZK

The currency in which your MetaTrader 5 trading account is held. In our example this is a CZK account – it's the currency in which you track your balance, margin, profit and loss.

3 How conversion works on purchase

If the ETF's currency is the same as your account currency, no conversion takes place – the trade goes through directly. Since in our example the currencies differ (ETF in EUR, account in CZK), the platform automatically converts the required amount using the current EUR/CZK exchange rate at the moment the trade is executed.

GOOD TO KNOW

The exchange rate changes over time. Besides the ETF's own price movement, conversion therefore also creates currency (FX) risk – the value of your investment in CZK can change due to movements in the EUR/CZK rate, independently of the ETF's own performance.

4 What you actually see in your MT5 account

ETFobchodník is a trade name of the company CAPITAL MARKETS, o.c.p., a.s. with its registered office at Slávičie údolie 106, Bratislava – Staré Mesto city district, 811 02 Bratislava. The company is registered in the Commercial Register of the Municipal Court of Bratislava III, Section: Sa, Insert No.: 4295/B, Registration number (IČO): 36 853 054, Tax ID Number (DIČ): 2022505419.

This is key for everyday use of the platform: regardless of the fact that the ETF is listed in EUR, on your MetaTrader 5 account you see absolutely everything – the open position, floating profit/loss, swap and commission – already converted and displayed directly in CZK.

1. You place an order to buy the ETF SXR8 – an ETF listed in EUR, while your account is held in CZK.
2. The system determines the trade volume in the ETF's currency – i.e. how many EUR are needed to buy the given number of shares.
3. The amount is converted into your account currency using the current market EUR/CZK exchange rate valid at the time the trade is executed.
4. The amount is blocked as margin in the account currency (CZK) – this is not a debit from the account, but a reduction of free margin (funds available for further trading), while the position itself is held and valued in the ETF's currency (EUR).
5. When you sell the ETF, the same process runs in reverse – the proceeds in EUR are converted back into CZK.

Account item	Currency it is shown in
Floating profit/loss (of an open position)	Account currency – CZK
Free margin (funds available for further trading)	Account currency – CZK
Swap (fee/credit for holding a position overnight)	Account currency – CZK
Commission	Account currency – CZK
Realized profit/loss after closing a position	Account currency – CZK
Total balance and account equity	Account currency – CZK

EXAMPLE

The client has a CZK account and an open position in the ETF SXR8, listed in EUR. In the MT5 terminal there is nothing to convert manually – the platform shows the current free margin, floating profit, swap and commission directly in CZK right in the "Trade" window. The EUR-to-CZK conversion happens automatically and continuously in the background, based on the current EUR/CZK exchange rate.

5 A step-by-step worked example

The following example shows the full life cycle of a position – from the purchase through to ongoing profit tracking.

Scenario: The client has a balance of 100,000 CZK on their MT5 account held in CZK. They want to buy the ETF SXR8 (iShares Core S&P 500 UCITS ETF), which is listed in EUR and costs EUR 620 per share. It is a physically replicated ETF with no leverage – the client therefore buys shares 1:1, exactly as many as they order.

Step 1 – Buying 2 ETF shares

Item	Value
Number of shares	2
ETF price	EUR 620/share
Purchase volume: $2 \times \text{EUR } 620$	EUR 1,240
Current EUR/CZK rate at purchase	25.000
Amount blocked as margin: $\text{EUR } 1,240 \times 25.000$	CZK 31,000

The account balance remains at CZK 100,000 – the amount is not debited from the account. However, CZK 31,000 is blocked as margin, leaving the client with CZK 69,000 of free margin (funds available for further trading), plus an open position of 2 SXR8 shares.

Step 2 – Developments while holding the position

In the meantime the ETF price rises from EUR 620 to EUR 625. At the same time, the exchange rate also changes – from 25.000 to 24.000 EUR/CZK.

Item	Value
Nominal profit in the ETF's currency: $2 \times (625 - 620) \text{ EUR}$	EUR 10
Current EUR/CZK rate	24.000
Floating profit shown on the account: $\text{EUR } 10 \times 24.000$	CZK 240

WHERE DID CZK 10 OF THE PROFIT GO?

If the EUR/CZK rate had stayed at its original level of 25.000, the same EUR 10 profit would show as CZK 250 on the account. But because the rate meanwhile fell to 24.000, the same EUR profit translates into only CZK 240. The ETF genuinely gained value, but the move in the EUR/CZK rate while the position was held "trimmed off" part of the profit once converted into CZK.

Comparison: if the client held the account in EUR

If the same client held their account directly in EUR (i.e. in the ETF's own currency), no conversion would take place and their profit would simply be EUR 10 – regardless of how the EUR/CZK rate moved. Currency risk arises precisely because the account currency (CZK) differs from the ETF's currency (EUR); for as long as the position is held, its value in CZK is continuously recalculated based on the current EUR/CZK rate.

6 What this means for the client in practice

One currency	Regardless of the fact that the ETF is in EUR, you see absolutely everything – the position, free margin, floating P/L, swap, commission and balance – in a single currency, CZK.
Currency risk	A change in the EUR/CZK exchange rate between purchase and sale can increase or decrease your final result in CZK.
Margin, not a debit	A purchase does not reduce the account balance, but blocks part of the funds as margin – reducing the client's free margin.

Automation	EUR/CZK conversion happens automatically and continuously; the client does not need to manually change currencies or calculate anything themselves.
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7 Frequently asked questions

Do I need to convert the currency myself?

No. Conversion between CZK (account currency) and EUR (ETF currency) happens automatically as part of the trade; no separate step is required.

Does conversion affect my performance?

Yes, indirectly. Besides the ETF's own performance, movements in the EUR/CZK exchange rate also affect your result in CZK.

Does my account balance drop right after the purchase?

No. The balance does not change as a result of the purchase. The relevant amount is only blocked as margin, which reduces your free margin – i.e. the funds you have available for further trading.

Can I have an account in more than one currency?

A MetaTrader 5 account is always held in a single base currency. If the client in our example wanted to trade without currency risk, they could consider an account directly in EUR – i.e. in the SXR8 ETF's own currency.

Does the ETF's listing currency matter?

Not for how it is displayed on your account. Whether the ETF is listed in EUR, USD or another currency, you will always see the open position, floating profit/loss, swap and commission directly in your account's currency (CZK). The ETF's currency only affects the currency in which the underlying instrument itself is priced – not the currency in which your account results are displayed.

This document is for informational purposes only and explains the principle of currency conversion when trading ETFs on the MetaTrader 5 platform, using the example of a CZK account and an ETF listed in EUR. It does not constitute investment advice or a binding offer. Specific rates, fees and conversion terms may vary and can be found in the company's current price list and trading terms and conditions. Investing in ETFs carries risk, including the risk of exchange-rate fluctuations and possible loss of invested capital.