



**I N F O R M A T I O N**

**regarding the costs and charges incurred by  
clients of Deltastock trading in CFDs on the OTC  
market**

## I. GENERAL PROVISIONS

1. This Information regarding the costs and charges incurred by clients of Deltastock trading in CFDs on the OTC market (The Information) has been developed on the basis and in accordance with the provisions of Art. 50 and in relation with an Art. 46 and Annex II from Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive (Delegated Regulation 2017/565), Art. 71, Para. 2, Item 4 in relation to Art. 71, Para. 5 – Para. 7 and Art. 73 from the Market in Financial Instruments Act (MiFIA) and Art. 31 - Art. 33 from Ordinance № 58 of 28 February 2018 on the requirements for the safeguarding of financial instruments and funds belonging to clients, product governance obligations and the rules applicable to the provision or reception of fees, commissions or any monetary or non-monetary benefits (Ordinance № 58) and is in line with the requirements of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (MiFID II) and in particular Art. 24, Para. 4.
2. The information is prepared in accordance with the nature, scale and complexity of the business activities performed by Deltastock.
3. The information is applicable to the Agreement for Trading in CFDs between Deltastock and its clients, which regulates trading contracts for difference (CFDs), which is carried out on an Over-the-Counter, or OTC market.
4. Deltastock does not offer its clients trading in financial instruments other than CFDs, on a market other than the OTC market.
5. Deltastock offers its clients the following types of CFDs:
  - a) CFDs on Securities and Exchange Traded Fund;
  - b) CFDs on Indices;
  - c) CFDs on Futures;
  - d) CFDs on Currency Pairs and Precious Metals;
  - e) CFDs on Other Assets.

6. Regarding the trading in the above-mentioned CFDs, which is carried out on an OTC market, Deltastock is the only venue of execution of the orders and acts as a principal to each transaction (and not as an agent or broker).
7. Deltastock acts as the single execution venue of its clients' orders and as counterparty to all transactions with clients which is why:
  - a) it charges its client only the fees and commissions stated in the Tariff of Interest rates, Fees and Commissions of Deltastock (The Tariff);
  - b) does not apply different fees depending on the execution venue;
  - c) does not receive payments or benefits from third parties ( which are themselves execution venues) in connection to the execution of those transactions;
  - d) does not receive remuneration or discounts or non-monetary benefits for the transmission of client orders to a specific trading venue, respectively execution venue;
  - e) does not charge receivables from two or more participants in the transaction in accordance with Art. 24, Para. 9 from MiFID II, and does not receive non-monetary benefits as an intermediary, but the value of all monetary benefits, which are received by the Investment Intermediary are stated in The Tariff.
8. The information about the costs, paid by clients for each financial instrument, offered by Deltastock, is available in The Tariff and also on the website of the investment intermediary ([www.deltastock.com](http://www.deltastock.com)).

Information for each financial instrument, is available in the key information documents (KID) of the packaged retail and investment products (PRIIPs) for the financial instruments offered by Deltastock, which fall within the scope of the definition of “packaged retail and insurance-based investment products” as defined in Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs) (Regulation 1286/2014).

The KIDs are, by their nature, pre-contractual documents, which provide information about all products, regardless of their form or structure, which are created in order to provide retail investors with investment opportunities, when the amount payable to the retail investor is subject to fluctuations related to exposures to the reference values or is dependent on the performance of one or more assets, which were not directly purchased by the retail investor.

All financial instruments offered by Deltastock are PRIPs and for each product has a developed and published KID.

Retail clients, as well as all other clients of the investment intermediary, regardless of whether they are retail investors or not, can freely review the current KID before entering in to an agreement with us, as well as before submitting an order for the respective financial instrument.

The current KIDs are freely available on the website of Deltastock ([www.deltastock.com](http://www.deltastock.com)).

9. The current version of the Tariff of Interest rates, fees and commissions of Deltastock is available to clients in the offices of Deltastock, as well as on the website of the company ([www.deltastock.com](http://www.deltastock.com)).
10. Deltastock offers trading in financial instruments (CFDs) to its clients through the following trading platforms:
  - a) account for trading on margin through the electronic trading platform Delta Trading;
  - b) account for trading on margin through the electronic trading platform Deltastock Meta Trader 4;
  - c) investment account for trading by investing the full value of the financial instrument through the electronic trading platform Delta Trading;
11. Costs and charges, paid by the client, are different depending on the account chosen by him/her and can be:
  - a) margin;
  - b) taxes;
  - c) commissions;
  - d) interest for trading on margin;
  - e) dividend adjustment payments;
  - f) costs related to currency revaluation;
  - g) spreads;
  - h) charges for rolling over positions to the next business day;
  - i) account maintenance fee;
  - j) payment charges.

A part of the costs and charges mentioned above are within the scope of Annex II from Delegated Regulation 2017/565, but a part of those costs and charges remain outside of the scope of the Annex.

12. Deltastock will provide detailed information on the prior and subsequent disclosure of the information about costs and charges to clients, which fall within the scope of Annex II from Delegated Regulation 2017/565.

## II. TYPES OF COSTS AND CHARGES, WHICH FALL WITHIN THE SCOPE OF ANNEX II FROM DELEGATED REGULATION 2017/565

13. Costs and charges, paid by the client which fall within the scope of Annex II from Delegated Regulation 2017/565 in particular Table 1 “All costs and associated charges charged for the investment service(s) and/or ancillary services provided to the client that should form part of the amount to be disclosed are:

- a) spreads, which are a one-time charge, related to the provision of an investment service;
- b) interest for trading on margin, dividend adjustment payments, charges for rolling over positions to the next business day and account maintenance fees, as well as current charges related to the provision of the investment service;
- c) commissions (brokerage commissions and transaction commissions) and payment charges, which are costs associated with transactions, initiated during the provision of the investment service.

### A. Commissions

14. Commission (brokerage commission) is a cost, charged by Deltastock and paid by the client for the execution of a client order in financial instruments. The commission is set as a percentage of the total value of the respective transaction.
15. Commission (payment charges) is a cost charged by Deltastock and/or commercial banks and paid by the client for the execution of transaction for the deposit or withdrawal of funds. The commission is set as a percentage of the respective withdrawal/deposit amount.
16. Deltastock charges a commission (brokerage commission) for the trading in CFDs on margin through a margin trading account through the electronic trading platform Delta Trading in the following cases:
  - a) for trading CFDs on securities and ETFs:
    - If the margin amount is different than 100% ( without paying the full value of the respective CFD) – for all order types;

- If the margin amount is equal to 100% (by paying the full value of the respective CFD) – for all conditional orders ( a “conditional order” is a individual order or a series of pending limit, stop and/or OCO orders attached to a confirmed existing limit, stop or OCO order);
- b) for trading Index CFDs:
  - If the margin amount is different than 100% - for all conditional orders and for orders different than conditional orders, when concerning CFDs on Italian indexes;
  - If the margin amount is different than 100% - for all conditional orders.
- c) for trading futures CFDs – for all conditional orders;
- d) for trading CFDs on currency pairs and precious metals – for all conditional orders;
- e) for trading CFDs on other assets – for all conditional orders.
- 17. Deltastock does not charge a commission (brokerage commission) for trading through the account for trading on margin through the electronic trading platform Deltastock Meta Trader 4, as this platform does not offer the trading in CFDs on securities and ETFs on margin.
- 18. Deltastock does not charge a commission (brokerage commission) for trading CFDs through the investment account for trading CFDs by investing the full value of the financial instrument through the electronic trading platform Delta Trading. Through this account clients can trade CFDs on securities and ETFs, CFDs on Indices and CFDs on precious metals.
- 19. Deltastock charges a commission, related to the withdrawal of funds through bank wire and the withdrawal of funds through the cash desk which are greater than 500 BGN on a daily basis, and the withdrawal of funds through the cash desk in foreign currency without taking in to account the amount withdrawn. Cash desk operations are only possible on the territory of Bulgaria in the office of Deltastock.
- 20. Detailed information on the commissions is available in The Tariff and also on the website of Deltastock ([www.deltastock.com](http://www.deltastock.com))

## **B. Interest for trading on margin**

- 21. Interest for trading on margin is an additional amount, which the client owes Deltastock when using borrowed funds during the rollover of a position to the next business day and is calculated as a percentage of it. The interest rate can be positive or negative.

When trading CFDs on margin, the client in practice borrows money from Deltastock in order to open his/her position. If at the end of the business day the client continues to hold an open position which needs to be rolled over to the next day, Deltastock calculates (adds) or deducts (withholds) interest on the open position from the client's trading account.

22. The interest rate, which determines the daily interest rate, that will be paid or received by the client for the open position is equal to the amount of the base interest rate for the currency of the underlying instrument for the respective CFD and the amount of the premium (either positive or negative) added to the base interest rate depending on whether the position is long or short. When calculating the interest, the number of the CFD contracts is also taken in to account which is equal to the open position for the day.

The interest rates as well as the amount of the premium for the different financial instruments, offered by Deltastock, are available in the Tariff and also on the website of the investment intermediary ([www.deltastock.com](http://www.deltastock.com)).

Presented as a formula, the interest is calculated as follows:

$$\text{Interest}_{\text{ (daily)}} = \frac{\text{Number of CFDs} \times \text{closing price}_{\text{ (current)}} \times \text{Interest rate}}{100 \times 360}$$

23. The amount of interest due is in the currency of the respective traded instrument. If the currency of the client's trading account is different than the currency of the interest, then interest amount will be revaluated to the currency of the account.
24. In cases when the client is holding (is rolling over) a long position, the interest will be deducted from his/her trading account.

In cases when the client is holding (is rolling over) a short position and the interest rate for the position is positive the interest will be added to his/her trading account.

In cases when the client is holding (is rolling over) a short position and the interest rate for the position is negative the interest will be deducted from his/her trading account.

The above is shown with the following examples:

Let's assume that the client has opened a long position of 5 Index CFDs and the closing price of the Index CFD is 6 613.10 EUR, the base interest rate is 0.75%, the premium for a

long position in that index is +3.00% (i.e. the interest rate for the position is positive)

The interest amount would be:

$$5 \text{ CFDs} \times 6\,613.10 \text{ EUR} \times (0.75 + 3.00) / (100 \times 360) = 3.44 \text{ EUR}$$

An interest in an amount of 3.44 EUR will be deducted from the client's account because the position is long.

Let's assume that the client has opened a short position in the same 5 Index CFDs and the closing price of the Index CFD is 6 613.10 EUR, the base interest rate is 0.75%, the premium for a short position in that index is -3.00% (i.e. the interest rate for the position is negative)

The interest amount would be:

$$-5 \text{ CFDs} \times 6\,613.10 \text{ EUR} \times (0.75 - 3.00) / (100 \times 360) = 2.07 \text{ EUR}$$

An interest in an amount of 2.07 EUR will be deducted from the client's account because the position is short but the interest rate to the position is negative (-2.25).

Let's assume that the client has opened a short position in the same 5 Index CFDs and the closing price of the Index CFD is 6 613.10 EUR, the base interest rate is 3.75%, the premium for a short position in that index is -3.00% (i.e. the interest rate for the position is negative)

The interest amount would be:

$$5 \text{ CFDs} \times 6\,613.10 \text{ EUR} \times (3.75 - 3.00) / (100 \times 360) = -0.69 \text{ EUR}$$

An interest in an amount of -0.69 EUR will be paid to the client's account because the position is short but the interest rate to the position is positive (0.75).

Let's assume that the client has opened a short position in the same 5 Index CFDs and the closing price of the Index CFD is 6 613.10 EUR, the base interest rate is 0.75%, the premium for a short position in that index is -0.50% (i.e. the interest rate for the position is negative)

The interest amount would be:

$$5 \text{ CFDs} \times 6\,613.10 \text{ EUR} \times (0.75 - 0.50) / (100 \times 360) = - 0.23 \text{ EUR}$$

An interest in an amount of - 0.23 EUR will be paid to the client's account because the position is short but the interest rate to the position is positive (0.25).

25. Deltastock deducts/adds interest when the following types of CFDs are traded:

- a) CFDs on securities and ETFs;
- b) Index CFDs;
- c) CFDs on other assets.

Deltastock does not deduct/add interest for trading in CFDs on futures.

26. Deltastock deducts/adds interest only on transactions through the accounts for trading on margin through the electronic trading platform Delta Trading and only for transactions with a margin amount different than 100%.

### C. Dividend adjustment payment

27. Dividend adjustment payments are payments similar to dividends, which are received by clients, who own CFDs on shares, Indices and/or ETFs. Similar to an investment in the underlying asset and the CFD on those instruments are subject to corporate actions, including the paying of dividends. The client who owns CFDs does not own the underlying asset, which means that during corporate actions related to dividend payments he/she will receive a dividend adjustments payment, which will be derived from the dividend itself, but unlike the dividend it will not be related to owning the underlying asset.

Whether a dividend will be distributed is decided by the general shareholder meeting of the issuer company, and in the case of ETFs the management companies. In most cases when it comes to indices the distribution of dividends follows the distribution of dividends on the shares included in the index, but there are also exceptions where dividends are not paid and the respective corporate actions are reflected in the price of the index in accordance with the formula for calculating the index.

28. The Dividend adjustment payment is set at the so called „ex-date” or the first day after the date on which if the client is a shareholder of the company can receive a dividend.

When that date arrives the shares begin to be traded without the right to receive a dividend and this affects their price.

The ex-dates for shares are announced from the company which has issued those shares and are usually feature in the General Shareholder Meetings of that company.

The ex-dates for ETFs are announced by the management companies managing those funds.

The ex-dates for Indices follow the ex-dates for the shares included in the index.

29. If the client holds an open position in CFDs on shares and/or ETFs at the start of the business day (00:00 Eastern European Time –EET) which coincides with the ex-date of the respective underlying asset, the dividend adjustment payment on an open long position will be paid to his/her trading account and respectively on a short position the dividend adjustment payment will be deducted from the account.

The above is shown in the following examples:

At the ex-date 15.02.2018 a company issuer has announced a gross dividend in an amount of 1.36 EUR per share.

If the client holds a long position in CFDs on shares of that company then for each share of the company he/she owns on 15.02.2018, he/she will receive a dividend adjustment payment in an amount of 1.36 EUR.

At the ex-date 15.02.2018 a company issuer has announced a gross dividend in an amount of 1.36 EUR per share.

If the client holds a short positions in CFDs on shares of that company then for each share of the company he/she owns on 15.02.2018, a dividend adjustment payment in an amount of 1.36 EUR will be deducted from his/her account.

If however Deltastock is required by the national legislation of the company issuer or the management company to withhold a tax on the dividend adjustment payment on share or ETFs CFDs (mainly the USA), then the Dividend adjustment payment to an open long position will be credited to the client's trading account after the tax has been deducted from that amount by the investment intermediary. When a dividend adjustment payment is deducted from the client account, no such tax will be withheld.

The above is shown in the following examples:

At the ex-date 15.02.2018 a company issuer from the USA has announced a gross dividend in an amount of 0.590 USD per share.

If the client holds a long position in CFDs on those shares and if we assume that the applicable dividend tax in the USA is 10%, then for each share of the company he/she

owns on 15.02.2018, after the appropriate tax has been deducted, he/she will receive a dividend adjustment payment in an amount of 0.531 USD (0.590 USD /dividend/- 0.059 USD /tax/).

At the ex-date 15.02.2018 a company issuer from the USA has announced a gross dividend in an amount of 0.590 USD per share.

If the client holds a short position in CFDs on those shares, then for each share of the company he/she owns on 15.02.2018, after the appropriate tax has been deducted, he/she will receive a dividend adjustment payment in an amount of 0.590 USD will be deducted from his/her account.

30. In cases when on the ex-date a client holds a positions in an index CFD, then on a long position a dividend adjustment payment will be paid to his/her account which will be calculated based on the proportional weight of that share in the underlying index.

Each index has its own methodology for calculating the weight of its components, which means that the distribution of the dividends is calculated differently for each index.

The above is shown in the following examples:

At the ex-date 15.02.2018 a company issuer from the USA has announced a gross dividend in an amount of 0.590 USD per share.

The company is a part of a certain index and on 15.02.2018 its weight in the index is 5.45%.

The closing price of the company shares on 15.02.2018 is 92.68 USD

The closing price of the index on 15.02.2018 is – 13 172.76 USD.

Then the dividend adjustment payment for one CFD of that index would be

$$\text{Dividend adjustment payment} = 0.590 \text{ USD} \times \frac{13\,172.76 \text{ USD} \times 5.45\%}{92.68 \text{ USD}} = 4.57 \text{ USD}$$

If the client holds a long position in CFDs on that index on 15.02.2018 then he/she will receive a dividend adjustment payment of 4.57 USD

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If the client holds a short position in CFDs on that index on 15.02.2018 then a dividend adjustment payment in an amount of 4.57 USD will be deducted from his/her account

31. The amount added/deducted through dividend adjustment payment is shown in the daily statement of the client for the respective date on which the payment was added/deducted.
32. Deltastock deducts/ adds dividend adjustment payments when CFDs on securities and ETF and CFDs on indices through:
  - a) margin trading account through the Delta Trading Platform and
  - b) investment account for trading by investing the full value of the financial instrument through the electronic trading platform Delta Trading.
33. Additional information on the dividend adjustment payments is available on the website of Deltastock. ([www.deltastock.com](http://www.deltastock.com))

#### D. Spread

34. The spread is the difference between the “buy” price and the “sell” price in the quote of the respective instrument. This means that the spread is a figure and the smaller that figure is (i.e. a tighter spread) the lower the costs for clients will be.

The effect of the spread on the costs of the client is shown in the following example:

When buying a CFD on the currency pair EUR/USD at 1.10200 and selling it at 1.10209 the client will pay a spread of 0.9 pips.

If however the spread is wider and for example the client sells it at 1.10211 the client will pay 1.1 pips.

It should be noted that the cost of the spread in pips are indicative because in order to calculate the full cost of the spread, the size of the position should be taken in to account. When the volumes, traded by the client increase, there is a possibility that his/her spread costs will also increase depending on the liquidity of the particular instrument at the time.

The above is shown in the example below:

When buying 10 CFDs on EUGERMANY 30 at 11200 and then selling them at 11200,5 the client will pay a spread of 0.5 EUR, and his costs in EUR will be 5.0 EUR.

When buying 110 CFDs on EUGERMANY 30 at 1199.5 and then selling them at 11201.0 the client will pay a spread of 1.5 EUR and his cost will be 165.0 EUR.

35. Depending on the selected instrument, Deltastock allows its clients to trade at:
- a) Fixed spread, which represents the difference between the “buy” and “sell” price i.e. this is a spread which does not change depending on the market conditions. The fixed spreads may be offered for a certain amount of time or during trading hours.
  - b) target (variable) spread, is a spread which fluctuates depending on different market factors such as the liquidity or volatility of the underlying. The target (variable) spread is the minimal spread that Deltastock is aiming to quote. Regardless of the above, there is a possibility that during times of low liquidity and/or high volatility the investment intermediary will not be able to maintain the spreads that it usually quotes. Such market conditions cannot be predicted and can occur at any time during the day, which will result in a widening of the spread for that particular period.
36. Deltastock Clients can switch from trading on fixed spread to trading on target spreads and vice versa once each 24 hours provided that they do not hold any open positions or confirmed transactions.

37. The spread is applicable to all financial instruments and to all trading accounts offered by Deltastock.

The information regarding the applicable spread for the different instrument types and the different account types is available in the Tariff and also on the website of Deltastock ([www.deltastock.com](http://www.deltastock.com)).

38. The amount of the spread is available on the website of Deltastock ([www.deltastock.com](http://www.deltastock.com)).

#### **E. Rollover fees**

39. The fees for rolling over a position to the next business day is a charge, owed by the client for the use of borrowed funds for the rolling over of a position to the next business day and is calculated based on the swaps for the respective financial instrument (currency pair or precious metal).

When trading CFDs on margin, the client actually borrows money from Deltastock in order to open his/her position. If at 24:00 the client continues to hold an open position which needs to be rolled over to the next day, Deltastock calculates (adds) or deducts (withholds) a rollover fee on the open position from the client's trading account.

40. When trading CFDs on currency pairs and precious metals the swap numbers show how many pips are charged at the end of the business day to the client's open position, when it is being rolled over to the next business day

Swap numbers can be either positive or negative.

When the swap is positive, a positive rollover fee will be calculated to the client's account.

When the swap is negative, a negative rollover fee will be deducted (withheld) from the client's account.

41. A rollover fee is charged on the final position, which is being rolled over to the next business day.

Taking in to account that all currency transactions are executed with a spot date (T+2 business days) the above is described in the following examples:

When opening a position on Monday (for example: 16.04.18) the spot date will be Wednesday (18.04.18) and respectively when closing the position on Tuesday (17.04.18)
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the spot date will be on Thursday (19.04.18).

In this case the daily statement for Tuesday will contain a rollover charge for the rollover of a position for one business day (from 18.04.18 to 19.04.18).

When opening a position on Wednesday (for example 18.04.18) the spot date will be Friday (20.04.18) and respective when closing the position on Thursday (19.04.18) the spot date will be Monday (23.04.18)

In this case the daily statement for Thursday (19.04.18) will contain a rollover charge for the rollover of a position for three business days (from 19.04.2018 to 23.04.18).

When opening a position on Friday (for example 20.04.18) the spot date will be Tuesday (24.04.18) and respectively when closing the position on Monday (23.04.18).

In this case the daily statement for Monday (23.04.18) will contain a rollover charge for the rollover of a position for one business day (from 25.04.18 to 25.04.18).

42. The rollover fee is calculated by multiplying the swap number by the value of the open position at the end of the business day and also by the number of days that position is being rolled over. The achieved results are revaluated at the market closing price of the currency of the client's account.

When trading in currencies, the amounts a client will pay or receive for an open position depends on the currency pair, which is being traded, as the trading in a currency pair means buying one currency of the pair against selling the other.

In general (when a currency is quoted after the second symbol after the decimal) the rollover fee is calculated as follows:

Rollover fee = (swap number/10 000) x Position x number of days for which the position is being rolled over

In cases when the currency is quoted up to the second symbol after the decimal, the rollover fee is calculated as follows:

Rollover fee = (swap number/100) x Position x number of days for which the position is being rolled over

43. The swaps on CFDs on currency pairs and CFDs on precious metal are freely available on the website of Deltastock ([www.deltastock.com](http://www.deltastock.com)).
44. Deltastock deducts/pays a rollover fee for the rollover of a position in CFDs on currencies and CFDs on precious metals through:
- a) accounts for trading on margin through the electronic trading platform Delta Trading – when trading CFDs on currency pairs and CFDs on precious metals;
  - b) accounts for trading on margin through the electronic trading platform Deltastock Meta Trader 4 – when trading CFDs on currency pairs and CFDs on precious metals;
  - c) investment account for trading by investing the full value of the financial instrument through the electronic trading platform Delta Trading – when trading CFDs on previous metals.

#### **F. Account maintenance fee**

45. The account maintenance fee is charged by Deltastock if the client has no executed transactions and/or open positions for the previous year.
46. The fee is charged only once for the calendar year to:
- a) accounts for trading on margin through the electronic trading platform Delta Trading – when trading CFDs on currency pairs and CFDs on precious metals;
  - b) accounts for trading on margin through the electronic trading platform Deltastock Meta Trader 4 – when trading CFDs on currency pairs and CFDs on precious metals;
46. The amount of the Account maintenance fee is stated in the Tariff and on the website of Deltastock ([www.deltastock.com](http://www.deltastock.com)).

#### **G. Payment Charges**

48. The payment charges are expenses, charged by Deltastock, card operators, commercial banks and/or electronic payment systems and paid by the client for the execution of a client order for the deposit or withdrawal of funds. The charge is calculated as a percentage of the respective amount.
49. Detailed information, regarding payments is available in the Tariff and on the website of Deltastock ([www.deltastock.com](http://www.deltastock.com)).

### III. TYPES OF COSTS AND CHARGES, WHICH DO NOT FALL WITHIN THE SCOPE OF ANNEX II FROM DELEGATED REGULATION 2017/565.

#### A. Margin

50. The margin is the amount of funds, the client must have available to his/her trading account in order to open a position. The margin is blocked to the client's trading account from the amount of free funds he/she has until the position is closed, which means that the client cannot use the margin for other means.

The margin is calculated as a percentage of the total value of the positions.

The above is shown in the following example:

If a client wants to trade 100 Share CFD, the margin requirement for which is 5%, at 110.21 USD, he does not need to have the whole amount of 11021 USD to his/her account but only the required margin amount (5 % of the value of the open position) or in other words the client needs to have 551.05 USD to his/her account, which will be blocked as margin in order to buy the CFD and open a position.

51. Margin trading requires taking in to account the movement of the market prices of the instrument, purchased by the client, as this might affect his/her ability to keep a position open for a longer period on time or his/her ability to open a new position. The above is shown in the examples below:

A client who pays the full value of the financial instrument has 1000 USD to his/her account and wants to buy 100 Share CFDs at 110.21, then the value of the transaction would be 11021 USD, in other words exceeding the amount of funds he/she has to his/her account and the transaction will not be executed.

If however the same client is able to trade that CFD on margin and its margin requirement is set to 5%, then the margin amount he/she must have to his/her account in order to open a position would be 551.05 USD ( $5\% \times 11\,021 = 551.05$ ) and he can execute the transaction.

Deltastock will block the required margin amount of 551.05 USD from the total amount of available to the clients account -1000 USD and he/she will have 448,95 USD as free funds, which can be used for opening other positions in financial instruments.

If the price of that CFD goes up by 1.50 USD to 111.71 USD, the client will realize a profit of 150 USD and this amount will be added to his/her account and he/she will have 1150

USD and the blocked margin amount will be 558.55 USD ( $100 \times 111.71 \times 5\%$ ), and the free margin amount will be 591.45 USD.

If however the price of the CFD falls by 1.50 USD to 108,71 USD then the client will realize a loss of 150 USD, and this amount will be deducted from his/her account which would be 850 USD. The blocked margin amount to his account would be 543,55 USD ( $100 \times 108.71 \times 5\%$ ), and the free funds will be 306,45 USD.

52. The margin requirements are freely available on the website of Deltastock ([www.deltastock.com](http://www.deltastock.com)).

Deltastock informs its clients that the investment intermediary has the right to change the required margin amounts not only for specific financial instruments but also for particular transactions and trading accounts.

53. Deltastock allows margin trading for all CFDs offered by the company through:
- a) accounts for trading on margin through the electronic trading platform Delta Trading – when trading all CFD types, offered by the investment intermediary;
  - b) accounts for trading on margin through the electronic trading platform Deltastock Meta Trader 4 – when trading CFDs on currency pairs and CFDs on precious metals.
54. Deltastock does not permit trading on margin through investment accounts for trading by investing the full value of the financial instrument through the electronic trading platform Delta Trading.

## B. Taxes

55. It is possible that the client may incur costs, including taxes, in relation to transactions with the financial instruments or financial services and activities, offered by Deltastock, which are not charged by the Investment intermediary.

The tax regime, respectively the tax due by the client when trading CFDs depends on one hand on the Bulgarian tax legislation, the agreements for the evasion of double taxation between Bulgaria and other countries inside or outside the EU and on the other on the nationality of the client and also in which country the client is considered a resident for tax purposes.

In general, but not exhaustively, taxable is the income from transactions executed on the OTC market, regardless of the type of financial instrument, and from the dividends given to a resident or a foreign natural person from a Bulgarian source and the

dividends give to a resident with a source from abroad as the tax rate is different for each country. It is possible that the client may incur other costs in relation to transactions in financial instruments or the offered investment services and activities.

56. Deltastock does not pay taxes on behalf of its clients, except in the cases when the investment intermediary acts as a ‘Withholding Agent’ under the US tax legislation. The timely payment of those costs and/or taxes is the sole responsibility of the client.
57. Deltastock acts as a “Withholding Agent” under the US tax legislation and deducts a tax on dividend adjustment payments (dividend equivalent payments in accordance with the US legislation) made to CFDs on US securities and funds.

In such cases Deltastock will deduct the tax from the client and will pay it to the Internal Revenue Service on behalf of the client.

58. Deltastock hereby informs its clients that the Republic of Bulgaria applies the rules for the automatic exchange of information in the field of taxation. In accordance with those rules the Republic of Bulgaria must systematically provide to the other countries taking part in this exchange of information, financial information in the field of taxation concerning their taxable persons. In this regard, all Bulgarian financial institutions must provide the Bulgarian Revenue Agency (NRA) with all the information set by law. The NRA will then send the respective information to the competent tax authority in the country of where the client is a resident for tax purposes.

In this regard Deltastock provides NRA with the legally established information on the residents for tax purposes of the other countries, which take part in the automated exchange of financial information in the field of taxation.

More information on the automatic exchange of financial information for tax purposes can be found on the website of NRA: <http://portal.nap.bg/page?id=673>.

59. Deltastock hereby informs its clients that the Republic of Bulgaria complies with the Foreign Account Tax Compliance Act adopted by the USA.

Deltastock is a financial institution approved by the USA tax authorities, which complies with the requirements of FATCA and is registered through the official internet portal of the Internal Revenue Service (IRS) with a Global Intermediary Identification Number (GIIN): 17194J.99999.SL.100.

More information about FATCA is available on the website of the IRS: <https://www.irs.gov/businesses/corporations/foreign-account-tax-compliance-act-fatca>

60. Deltastock does not provide advice to its clients on regulatory, legal and/or tax issues.

**C. Costs related to currency revaluation:**

61. Deltastock performs a currency revaluation:

- a) when reflecting different results from positions, closed by the client provided that the currency of the traded financial instrument is different than the currency of the client trading account;
- b) when depositing/withdrawing funds in a currency different than the currency of the client's trading account;
- c) when transferring funds between the client's accounts, if those accounts are in a different currency.

62. When the currency of the traded financial instrument is different than the currency of the client's account, Deltastock will perform a currency revaluation:

a) in the Delta Trading platform:

- at the market closing price for the respective currency at 24:00 (23:00 on Friday) EET for the different currencies for: interests; rollover fees; dividend adjustment payments; Account maintenance fees; and revaluation of open positions;
- at the current market price at the time when the position is closed for the realized result or at the moment when a commission for trading is being charged;

b) in the Deltastock Meta Trader 4:

- at the current market price at the time when the position is closed or at the moment when the rollover fees are being charged.

63. When the client deposits and/or withdraws funds in a currency different than the currency of his/her account and/or transfers funds between his/her trading accounts (the accounts are in different currencies), Deltastock will perform a currency revaluation at the time when the operation is made.

The revaluation price is calculated by adding a markup to the "buy" and "sell" prices (quotes) for CFDs on the respective currency pairs quoted by Deltastock AD in the Electronic trading platforms ("current market prices").

Information on the applicable markup, as well as on the revaluation (in real time) is available on the website of Deltastock AD ([www.deltastock.com](http://www.deltastock.com)) in the section "My

Account”, subsection “My DeltaTrading™ Account” or/and in the subsection “My MetaTrader 4 Account”.

64. Whenever the deposit in the trading account is made via a bank transfer, the revaluation price is calculated based on the current market prices at the time of performing the revaluation, rather than at the moment when the client made the respective deposit.

Information on the actual revaluation price at which Deltastock AD performed the revaluation is available in the trading platforms offered by the investment intermediary. In the DeltaTrading™ platform the information is available in the section “My Account”, subsection “Account Operations”. In the Deltastock MetaTrader 4 platform the information is available in the section “Terminal”, subsection “Account History”.

65. Whenever the deposit in the trading account is made via a credit or a debit card, Skrill or the ePay payment systems, but there are technical issues that hinder the instant transfer of the funds to the client’s trading account, the revaluation price is calculated based on the current market prices at the time of performing the revaluation, rather than at the moment when the client made the respective deposit.

Information on the actual revaluation price at which Deltastock AD performed the revaluation is available in the trading platforms offered by the investment intermediary. In the DeltaTrading™ platform the information is available in the section “My Account”, subsection “Account Operations”. In the Deltastock MetaTrader 4 platform the information is available in the section “Terminal”, subsection “Account History”.

66. It should be taken into account that whenever deposits are made via credit and/or debit cards or a bank transfer, Deltastock AD provides information on the price at which it performed the currency revaluation of the sum transferred to its bank account. However, Deltastock AD does not provide information on the price quotes at which the banks and/or the card operators involved in the transaction have converted the sum transferred by the client. The same is also applicable to withdrawals made via a bank transfer or credit/debit cards.

67. Deltastock does not deduct any fees or commissions for currency revaluations, nor does it deduct other costs for the exchange of the currency.

68. Deltastock does not perform any currency exchange transaction other than the ones mentioned above.

Deltastock does not provide independent currency exchange related services to its clients.

#### **IV. Ways to Pay the Costs and Charges**

- 69. The costs and charges owed by the client and described above are collected by Deltastock by directly debiting the trading account of the respective client.
- 70. The costs and charges owed by Deltastock to the client and described above are paid by directly crediting the trading account of the respective client.

#### **V. Final Provisions**

- 71. The information is not a part of the Agreement for Trading in CFDs between the client and Deltastock nor is it applicable to the General Terms of Business Applicable to the Agreements for Trading in CFDs of Deltastock, but an independent document. Deltastock provides the client with Information, along with other documents which he/she must review before signing his/her agreement.
- 72. A review of this Information is done at least annually, as well as during each substantial change.
- 73. The latest version of this Information is available in the office and on the website of Deltastock. ([www.deltastock.com](http://www.deltastock.com)). Deltastock informs its clients through the website for any substantial changes in the Information or for the adoption of a new one.
- 74. This document has been adopted by the Management Board of Deltastock at a meeting held on 25 September 2018 and entered into force on 28 November 2018.



[www.deltastock.com](http://www.deltastock.com)

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