

## SUMMARY OF THE ANALYSIS AND CONCLUSIONS OF THE MONITORING OF DELTASTOCK OF THE QUALITY OF ORDER EXECUTION FOR 2018

(under Art. 3, Paragraph 3 of Delegated Regulation (EU) 2017/576)

### 1. General Information

Deltastock, in its capacity of investment intermediary, executes client orders related only to the following single class of financial instruments, according to the classification set out in Annex 1 of Delegated Regulation (EU) 2017/576 and the Commission of 8 June 2016 for supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards for the annual publication by investment firms of information on the identity of execution venues and on the quality of execution (Delegated Regulation 2017/576): **Contracts for Difference (CFDs)**. Deltastock does not offer other classes of financial instruments, other than the one referred to in Point (j) of Annex I of Delegated Regulation (EU) 2017/576.

Deltastock offers trading in CFDs, which is carried out on an Over-the-Counter (OTC) market. Deltastock does not offer to its clients trading in CFDs on a market other than an OTC market.

With regard to CFD trading that is carried out on an OTC market, Deltastock is the only venue of execution of client orders and acts as a counterparty (principal) to each trade (and not as an agent or broker). This applies to trading by retail clients as well professional clients and eligible counterparties. In practice, client orders are executed through the electronic platforms for trading in financial instruments offered by the investment intermediary, at prices quoted by the investment intermediary, with Deltastock acting as a counterparty to each client trade. All client orders for trading in CFDs are executed against Deltastock's own liquidity. Deltastock does not transfer (route, direct, send) client orders to another execution venue.

Deltastock does not execute client orders outside of the designated execution venue, and for this reason it does not collect and analyse information about client orders executed on other execution venues.

### 2. Information under Art. 3, Paragraph 3, Point (a) of Delegated Regulation (EU) 2017/576: "An explanation of the relative importance the firm gave to the execution

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**factors of price, costs, speed, likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution"**

The relative importance that Deltastock gave to the factors under Art. 27, Paragraph 1 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) (from the most significant to the least significant), regarding trading CFDs on an OTC market, is as follows: 1. price; 2. volume; 3. speed and likelihood of execution; 4. costs; and 5. type, or any other consideration corresponding to the execution of the order.

The way in which execution factors, such as price, costs, likelihood of execution and other relevant factors, have been reported is through a complex assessment of their importance (priority). It should be noted that the assessment of importance (priority) of the execution factors is the same for all types of CFDs offered by Deltastock, and that for all retail clients the best possible outcome is determined in terms of the total remuneration, representing the price of the financial instrument and the costs associated with its execution.

In determining the importance of other factors (such as speed, likelihood of execution, volume and type of the order), Deltastock has exercised its own judgement in assessing the criteria which should be considered for fulfilling the obligation for taking all sufficient steps for obtaining the best possible result for the client. The relative importance of these criteria has been assessed in accordance with Deltastock's trading experience and in relation to market conditions, including the need of timely execution, availability of better prices, market liquidity and order size, which may hamper the execution and/or potential for execution.

In considering the importance (priority) of all factors, Deltastock has taken all sufficient steps for obtaining the best possible result for the client.

**3. Information under Art. 3, Paragraph 3, Point (b) of Delegated Regulation (EU) 2017/576: "A description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders"**

Deltastock is the only venue of execution of the orders. Deltastock executes orders for trading in CFDs outside of the trading venue, namely on an OTC market. The consequences for the client from this are down to several risks, namely: Deltastock is an execution venue and counterparty to each trade, and consequently, the client's trading opportunities are limited to the availability of own liquidity by Deltastock; the trading prices are determined (quoted) by Deltastock, and not a counter interest of another client; there is a potential conflict of interest as Deltastock is profiting from the traded volumes realised by the client,

with possible cases where the investment intermediary is realising profit in situations where the client is losing funds; the financial instruments offered for trading are not transferable and the client will not be able to move them to another investment intermediary or another trading venue; the trading rules that apply on the OTC market are different to the trading rules that apply on the trading venue.

**4. Information under Art. 3, Paragraph 3, Point (c) of Delegated Regulation (EU) 2017/576: "A description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received"**

Deltastock does not apply different fees depending on the execution venue of client orders as it acts as the only execution venue of these orders. Also, Deltastock does not apply different fees or trading conditions to the different clients of the company. Consequently, there are no specific arrangements with the execution venues.

**5. Information under Art. 3, Paragraph 3, Point (d) of Delegated Regulation (EU) 2017/576: "An explanation of the factors that led to a change in the list of execution venues listed in the firm's execution policy, if such a change occurred"**

Deltastock acts as the only venue of execution of the orders.

For the period from 01.01.2018 to 31.12.2018 Deltastock has not made changes to the list of execution venues.

**6. Information under Art. 3, Paragraph 3, Point (e) of Delegated Regulation (EU) 2017/576: "an explanation of how order execution differs according to client categorisation, where the firm treats categories of clients differently and where it may affect the order execution arrangements"**

Deltastock does not make distinction between orders placed by retail clients and those placed by professional clients and eligible counterparties, and in both cases strives to achieve the best result for the client. There may be a distinction only between professional clients and eligible counterparts, in cases where they place orders with a larger volume. In such cases, Deltastock may hedge certain trades and/or positions on the market where a certain underlying asset is admitted to trading, thereby executing those orders at a price that is significantly different to the specified therein, respectively, the price visible to the at the time of placing the order. Although such cases are also permissible for retail clients, this

may more often be reflected in the price of the trades of professional clients and eligible counterparties, compared to retail clients.

**7. Information under Art. 3, Paragraph 3, Point (f) of Delegated Regulation (EU) 2017/576: "an explanation of whether other criteria were given precedence over immediate price and cost when executing retail client orders and how these other criteria were instrumental in delivering the best possible result in terms of the total consideration to the client"**

For the period from 01.01.2018 to 31.12.2018 Deltastock has not used other criteria that has been preferred to the immediate price and costs associated with the order.

**8. Information under Art. 3, Paragraph 3, Point (g) of Delegated Regulation (EU) 2017/576: "an explanation of how the investment firm has used any data or tools relating to the quality of execution, including any data published under Delegated Regulation (EU) 2017/575"**

The employees of the Capital Markets Department of Deltastock perform a monthly analysis on the quality of execution of client orders by making a sample of all executed client orders and sorting them in 3 (three) groups: market, limit and stop orders. They then determine what percentage of orders from each of the three groups have been executed in accordance with the best execution requirements. This is done after an analysis of all attributes of the respective orders against the factors mentioned above in this document

The employees of the Capital Markets Department combine all prepared monthly reports for best execution of client orders in an annual report.

The analysis performed for the period from 01.01.2018 to 31.12.2018 established that:

- 51.23% of the limit orders have been executed at the price requested by the client;
- 48.77% of the limit orders have been executed at the price which is better for the client;
- 96.35% of the stop orders have been executed at the price requested by the client;
- 3.65% of the stop orders have been executed at the price which is worse for the client;

- 99.73% of all market orders have been executed in accordance with the best execution requirements (executed at the best price at the moment of their execution).

In conducting the analysis for the period from 01.01.2018 to 31.12.2018, the data published under Delegated Regulation (EU) 2017/575 has been used when making the calculations for this report.

**9. Information under Art. 3, Paragraph 3, Point (h) of Delegated Regulation (EU) 2017/576: "Where applicable, an explanation of how the investment firm has used output of a consolidated tape provider established under Article 65 of Directive 2014/65/EU"**

The provision of Art. 3, Paragraph 3, Point (h) of Delegated Regulation (EU) 2017/576 is not applicable to the activity of investment intermediary Deltastock.