



**POLICY ON THE TREATMENT OF
CONFLICTS OF INTEREST
AND THE EXECUTION OF PERSONAL DEALS
DELTASTOCK AD**

I. GENERAL PROVISIONS

- 1.1. DELTASTOCK's Policy on the Treatment of Conflicts of Interest and the Execution of Personal Deals ("the Policy") is an integral part of the Rules on the Internal Organization of DELTASTOCK and has been written in compliance with the requirements of the Markets in Financial Instruments Act ("MFIA") and Regulation No 38 of the Financial Supervision Commission on the Requirements to the Activities of Investment Firms ("Regulation No 38") which transpose the requirements of Markets in Financial Instruments Directive (MiFID) into the Bulgarian legislation.
- 1.2. The purposes of this Policy are:
 - (i) To establish measures for the avoidance and identification of conflicts of interest, as well as, where such conflicts arise, for the fair treatment of the clients and for the avoidance of damage to clients' interests;
 - (ii) To ensure that the personal deals/transactions of relevant persons employed or providing services to DELTASTOCK ("persons connected with DELTASTOCK") do not infringe the legal and business ethics requirements, do not result in conflicts between their personal interests and those of DELTASTOCK or of its clients, and do not allow access to unfair advantages based on their specific knowledge of the activities of DELTASTOCK in the provision of investment and/or ancillary services to clients, and based on their special access to information.
- 1.3. This Policy deals with the prevention of potential and the handling of actual conflicts of interest between:
 - (i) The interests of two or more clients of DELTASTOCK;
 - (ii) Client's interests and those of DELTASTOCK or of persons connected directly or indirectly with DELTASTOCK;
 - (iii) The interests of connected persons and those of DELTASTOCK or of DELTASTOCK's clients.
- 1.4. This Policy also regulates the personal transactions of relevant persons, with the objective to prevent conflicts of interest, unfair trading, and/or gaining unlawful personal benefits based on position in or duties concerning DELTASTOCK.
- 1.5. This Policy applies in respect of the provision of services to all clients of DELTASTOCK irrespective of their classification.
- 1.6. DELTASTOCK will provide information about this Policy to its retail clients by way of announcing it, or by way of giving clarification on it upon request by the clients.
- 1.7. By signing an Agreement with DELTASTOCK and accepting the applicable General Terms of Business, clients acknowledge they have read and accept this Policy.
- 1.8. This Policy applies to any specific service or activity performed by or on behalf of DELTASTOCK.

II. CONFLICTS OF INTERESTS

- 2.1. According to article 41, Para 1 of Regulation No 38, a "conflict of interest" arises in relation to the provision of investment and/or ancillary services by DELTASTOCK and posts a situation which may cause damage to the interests of clients. A conflict of interest exists if DELTASTOCK or a relevant person with DELTASTOCK, by action or inaction, may harm the interests of a person whose interests should be protected by duty, while pursuing the protection or serving DELTASTOCK's own interests or the interests of another person whose interests should be protected by duty, as well.

- 2.2. DELTASTOCK is required to protect the interests of its clients and to act fairly, impartially and professionally. Relevant persons with DELTASTOCK are required to protect the interests of DELTASTOCK and to execute the latter's duty to guard the interests of its clients.
- 2.3. In establishing potential or actual conflicts of interest, which result from the provision of investment and/or ancillary services, which may damage a client's interest, DELTASTOCK will take into account whether the relevant person with DELTASTOCK or the person who is directly or indirectly connected with DELTASTOCK by control, falls into one of the following cases as a result of the provision of investment and/or ancillary services, or otherwise:
- (i) Is likely to make a financial gain or avoid a financial loss at the expense of the client;
 - (ii) Has an interest in the outcome of a service provided to the client or a trade carried out on behalf of the client, which is distinct from the client's interest in that outcome;
 - (iii) Has a financial or other incentive to favour the interest of another client or a group of clients over the interests of the client;
 - (iv) Carries out the same business as the client;
 - (v) Receives or will receive from a person other than the client, benefits in connection with a service provided to the client, in the form of cash, goods or services, in violation of Article 14 of Regulation No 38, or receives benefits which are different from the standard fee or commissions for that service.
- 2.4. DELTASTOCK takes measures for the prevention of conflicts of interest, and if such were to arise, it ensures their just and fair handling.
- 2.5. In the process of rendering their duties the employees of DELTASTOCK are required to monitor for the existence of conflicts of interest according to [item 2.1.](#) of this Policy, and if such arise to inform immediately the Internal Control Department Manager, who takes the appropriate actions.
- 2.6. When a conflict of interest arises between the client and DELTASTOCK (or a party directly or indirectly connected with DELTASTOCK by control) the client's interest always comes before that of DELTASTOCK or before the interest of the party, directly or indirectly connected with DELTASTOCK through control.
- 2.7. When a conflict of interest arises between the client and an employee of DELTASTOCK, the interest of the client comes first, and rendering the respective services to the employee may be refused.
- 2.8. When a conflict of interest arises between clients of DELTASTOCK the following principles shall be adhered to:
- (i) Equality in the interest of clients and no preference in the interest of one client to the interest of another client, especially when it is possible that a client has a preference because of the wider scope of DELTASTOCK's services used, or other similar reason;
 - (ii) Disclosure of information to the client on the existence of potential or actual conflicts of interest, should that not breach the legal requirements for confidentiality and threaten the interests of another client, and provided that is the best way to protect the interest of the relevant client;
 - (iii) Maintenance of strict confidentiality on behalf of DELTASTOCK and its employees for the execution of trades of a conflicting nature, for the purpose of avoiding an actual conflict of interests, as well as of the risk of performing trades based on inside information.

- 2.9. A policy of independence and separation of functions of departments and employees performing different functions, will be applied for the purpose of avoiding conflicts of interest (described in Part II and Part VI of the Rules of Internal Organization of DELTASTOCK). When it is reasonable to suppose that the information exchange between employees or departments of DELTASTOCK will give rise to a conflict of interest to the potential or actual detriment to clients, information walls and other reasonable methods for prevention of such information exchange will be applied, under the control of the Internal Control Department.
- 2.10. The employees of the Internal Control Department report daily to the Executive Directors of DELTASTOCK of any conflicts of interest that may have arisen, and of the measures taken to resolve them.
- 2.11. If the employees of the Internal Control Department are not able to resolve the conflicts of interest, which have arisen, they will immediately inform the Executive Directors of DELTASTOCK. In that case, the conflicts of interest are handled by the Executive Directors of DELTASTOCK.
- 2.12. If a resolution of the conflict which is just and satisfactory to the clients cannot be reached, DELTASTOCK will refuse to perform the service involved.
- 2.13. If, in spite of the implementation of this Policy, a risk for the interests of a client continues to exist, DELTASTOCK may not perform a trade for the account of the client, unless the client was duly informed of the general nature and/or sources of the potential conflicts of interest. In such a case, i.e. before performing a trade for the client's account that involves a conflict of interests, DELTASTOCK will provide the client with information (recorded on durable medium), regarding the conflict of interest. The information provided to the client needs to be sufficient in accordance with the client's characteristics in order to allow him/her to make an informed decision regarding the investment or ancillary service to which the conflict of interests relates. The information will be provided to clients by the employees of the Customer Service Department.
- 2.14. DELTASTOCK keeps and updates information about the types of investment and ancillary services or investment activities, performed by the company or for its account, in relation to which a conflict of interest arises or may arise to the material damage of DELTASTOCK's client interests.
- 2.15. DELTASTOCK keeps, in accordance with Article 74, Paragraph 1, Clause 2 of Regulation No 38, all the documentation and information, regarding its activity, on a magnetic (electronic) data storage device or on paper, including the information regarding conflicts of interests.

III. PERSONAL DEALS/TRANSACTIONS

- 3.1. DELTASTOCK shall adopt, apply and maintain appropriate rules and measures aimed at preventing the execution of the following acts by a relevant person with DELTASTOCK and who participates in the performance of activities, which may give rise to a conflict of interests, or who, due to the function carried out for DELTASTOCK has access to inside information within the meaning of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (Regulation (EU) No 596/2014) or to some other confidential information about clients or trades with or for clients:
 - 3.1.1. Entering into a personal transaction which meets some of the following conditions:
 - (i) Its execution by that person leads to violation of the prohibitions under Regulation 596/2014;
 - (ii) It is connected with abuse or unlawful disclosure of confidential information;

- (iii) Its execution is in contradiction with, or may result in contradiction with, an obligation of DELTASTOCK according to Regulation 596/2014 or the Act on Application of the Measures against Market Abuse with Financial Instruments;
- 3.1.2. The provision of advice or rendering of assistance, beyond the usual performance by the person of activities for DELTASTOCK, to another person allowing such person to enter into a trade in financial instruments, which, if it were a personal transaction of the relevant person with DELTASTOCK, would have been prohibited according to Article 36, Para 3 and Article 42, Para 3, Item 1 and 2 of Regulation No 38, would violate the requirements of Regulation 596/2014 and/or Commission Delegated Regulation (EU) 2016/958 of 9 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the technical arrangements for objective presentation of investment recommendations or other information recommending or suggesting an investment strategy and for disclosure of particular interests or indications of conflicts of interest (Commission Delegated Regulation (EU) 2016/958);
- 3.1.3. Disclosure, outside of the one usually done by such person, of information or opinion of another person, provided that the relevant person with DELTASTOCK knows or it may reasonably be assumed that such person knows that as a result of such disclosure the person to whom the disclosure is made will do or is likely to do any of the following:
 - (i) To conclude a trade in financial instruments, which, if it were a personal transaction of the relevant person with DELTASTOCK, would have been prohibited according to Article 36, Para 3 and Article 42, Para 3, Item 1 and 2 of Regulation 38, will lead to violation of Regulation 596/2014 and/or Commission Delegated Regulation (EU) 2016/958;
 - (ii) To provide advice or to render assistance to another person in execution of trades under **item (i)** above.
- 3.2. The provisions of this **Section III** shall ensure that:
 - (i) Every relevant person with DELTASTOCK is acquainted with the restrictions in the execution of personal deals/transactions and the measures adopted by DELTASTOCK on personal transactions and disclosure of information;
 - (ii) DELTASTOCK becomes aware without delay of any personal transaction executed by relevant persons, by notification or otherwise, allowing DELTASTOCK to establish the conclusion of such deals;
- 3.3. The restrictions under **item 3.1.** will not apply to personal transactions that fall within any of the following cases:
 - (i) personal transactions effected under an individual portfolio management service where there is no prior communication in connection with the transaction between the portfolio manager and the relevant person with DELTASTOCK or other person for whose account the transaction is executed;
 - (ii) personal transactions in units in collective investment schemes or of such other undertakings that are subject to supervision under the law of a Member State which requires an equivalent level of risk spreading among their assets as that for collective investment schemes, where the relevant person with DELTASTOCK and any other person for whose account the transactions are effected are not involved in the management of that scheme or undertaking.
- 3.4. Every relevant person with DELTASTOCK is required to notify the Head of the Internal Control Department of each personal transaction concluded as a client of any investment firm other than DELTASTOCK. The notification will be done in writing (without any specific format required) not later than the end of the business day following the day the deal was entered into.

- 3.5. The relevant persons with DELTASTOCK will execute personal transactions in full compliance with the statutory rules set out in the relevant regulations, which are part of the Bulgarian and EU legislations.
- 3.6. The relevant persons with DELTASTOCK are required to cooperate fully with the Head of the Internal Control Department and to submit upon his/her request any additional information and documents related to personal transactions.
- 3.7. The Internal Control Department is responsible for the overall compliance with the rules under this **Section III**. It will supervise also compliance with the internal documents of the regulated markets and the other venues for execution of trades in financial instruments on which DELTASTOCK operates, in respect of the requirements for handling conflicts of interest and the execution of personal transactions.
- 3.8. The Head of the Internal Control Department will keep record of the personal transactions of which he/she has been notified or which have been identified by him/her, including authorizations or prohibitions related to them. Where a contract is entered into between DELTASTOCK and a third person outsourcing certain activities to that third person, the contract must set out the obligation of the third person to maintain a register of the personal transactions executed by persons under **item 3.1.** above, and to disclose this information to DELTASTOCK in each entry in that register.
- 3.9. At the end of each business week, the Internal Control Department will conduct a review for compliance with these rules and the other relevant documents of all personal transactions executed through DELTASTOCK, as well as the deals on which notification has been received under **item 3.4.** and **3.8.** of this **Section III**.

IV. OTHER PROVISIONS

- 4.1. The Head of the Internal Control Department will take charge of organising introductory and periodical training for the persons referred to in **item 3.1.** above in order to update their knowledge of this Policy and of the applicable laws, as well as to strengthen the corporate culture related to the observance of the legal and ethical rules concerning the activities of DELTASTOCK. Such training may take the form of attendance of courses, as well as periodical delivery of information on paper, by e-mail or in any other way as reasonably practicable.
- 4.2. The general responsibility for performing the activities for compliance with the rules for handling conflicts of interest, and for the lawful execution of personal transactions will be borne by the Management Board of DELTASTOCK. The latter takes an active part in the establishment and monitoring of the efficiency of the respective systems and controls. The specific responsibilities are assigned to the Internal Control Department, in accordance with this Policy.
- 4.3. The Head of the Internal Control Department will include in his report under Article 79 of Regulation No 38 information on shortcomings identified in the course of reviews and audits conducted, as well as on the steps taken towards overcoming such shortcomings, including any suggestions for modifications of this Policy if it does not ensure sufficient compliance with the statutory requirements.
- 4.4. DELTASTOCK will present to its employees this Policy and advise them of their obligation to observe it.
- 4.5. Each non-compliance with the provisions of this Policy by employees of DELTASTOCK will be treated as disciplinary breach and will be sanctioned in conformity with the Labour Code. The

breaches committed by other persons connected with DELTASTOCK may be considered a non-performance of the obligations under that contract with DELTASTOCK.

V. FINAL PROVISIONS

- 5.1. Specific terms such as „durable medium”, „ancillary services”, „personal transaction” used in this Policy shall have the meaning ascribed to them in MFIA or Regulation No 38.
- 5.2. This Policy will be reviewed on a regular basis, at least once a year.
- 5.3. The latest version of this Policy is available on company’s website (www.deltastock.com), as well as at DELTASTOCK offices. DELTASTOCK will notify its clients, through its Website, of any material changes of this Policy and of any updated versions.
- 5.4. This Policy does not contain a detailed regulation of the relations between the client and DELTASTOCK. Consequently, when the client acquaints himself/herself with the Policy, he/she also ought to take into consideration and to read carefully the currently effective General Terms of Business of DELTASTOCK.
- 5.5. This document was adopted by the Management Board of DELTASTOCK on 28.09.2017 and becomes effective on the same date.



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