



**CONFLICT OF INTEREST POLICY OF  
DELTASTOCK IN REGARD TO DEALS WITH  
FIXED INCOME SECURITIES AND RELATED  
INVESTMENT SERVICES AND ACTIVITIES AND  
ANCILLARY SERVICES**

*(consolidated version)*

## I. GENERAL PROVISIONS

**Art. 1.** *(Amd. on June 14, 2019)* This Conflict of Interest Policy of Deltastock in Regard to Deals with Fixed Income Securities and Related Investment Services and Activities and Ancillary Services (hereinafter referred to as “the Policy) has been developed in accordance with the provisions of Art. 65, Para. 1, Item 7, in relation to Art. 69. Para. 1 of the Markets in Financial Instruments Act (MiFIA) and Art. 34, Para 1 of 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), and in compliance with the provisions 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) in particular with regard to the implementation of Art. 16, Para. 3 and Art. 23.

**Art. 2. (1)** The Policy has been established in accordance with the size and organisational structure of Deltastock, and the nature, scale and complexity of the investment intermediary’s business.

**(2)** Deltastock is part of a group of companies, therefore the Policy takes into account all circumstances that the investment intermediary is or should be acquainted with, which may give rise to conflict of interest as a result of the group’s structure and the business activities of its other members. The group of companies includes:

**a)** Deltastock, Bulgaria – parent company, investment intermediary;

**b)** *(Amd. on Feb. 03, 2020)* Delta Financial Markets, United Kingdom – subsidiary company in liquidation (former investment intermediary);

**c)** *(Amd. on Feb.03, 2020)* Deltastock Assets Management – subsidiary company, management company within the meaning of the Law on the Activities of Collective Investment Schemes and Other Collective Investment Undertakings;

**d)** *(Amd. on Feb. 03, 2020)* Teom Invest, Bulgaria – subsidiary company, commercial company; and

**e)** *(Supp. on Feb. 03, 2020)* Deltastock Insurance Broker OOD Bulgaria – subsidiary commercial company – insurance broker.

**Art. 3.** The present Policy establishes the conditions for prevention and identification of conflicts of interest, as well as, where such conflicts arise, for the fair treatment of clients, disclosure of information and for avoidance of damage to clients' interests.

**Art. 4.** *(Amd. on June 14, 2019)* In carrying out of deals with fixed income securities and the related investment services and activities and ancillary services, Deltastock, in its capacity of investment intermediary, takes all appropriate measures for the identification and avoidance or management of conflicts of interest between:

**a)** Deltastock, including the individuals who manage the investment intermediary, and persons working under contract, tied-agents, or any other person, who is directly or indirectly linked by control to the investment intermediary, on one part, and its clients, on the other;

**b)** individual clients of the investment intermediary.

**Art. 5.** Deltastock takes measures for the prevention of conflicts of interest, and if such were to arise, it ensures their fair treatment.

**Art. 6.** Deltastock is obliged to protect the interests of its clients and to act fairly, honestly and professionally. All persons working under contract with Deltastock are obliged to protect the interests of the investment intermediary and to fulfil its obligations for protecting the clients' interests.

**Art. 7.** *(Amd. on June 14, 2019)* The Policy applies to Deltastock clients in relation to deals with fixed income securities – eligible counterparties and professional clients.

**Art. 8.** *(Suppl. on June 14, 2019)* The Policy applies to the deals with fixed income securities on a primary and secondary market and the related investment services and activities and the ancillary services performed by or on behalf of Deltastock.

**Art. 9.** The Policy is a stand-alone document and is not a part of the agreement between the client and Deltastock, or of the applicable general terms.

**Art. 10.** Deltastock provides the Policy to the professional client together with the other documents which the client should get acquainted with prior to signing the agreement. By signing the agreement, the professional client acknowledges that they have read and accept the implementation of this Policy.

**Art. 11.** Deltastock provides the eligible counterparty with the Policy together with the other documents which the eligible counterparty party should get acquainted with prior to the beginning of the relations between the parties, whereas:

a) if a contract is being signed, the eligible counterparty, by signing the agreement, declares that they have acquainted themselves and accept the application of the present Policy.

b) if a contract is not being signed, the eligible counterparty, by giving consent in regard to the service, including consenting to its categorisation, declares that they have acquainted themselves and accept the application of the present Policy.

**Art. 12.** The latest version of the Policy is freely available on Deltastock's website ([www.deltastock.com](http://www.deltastock.com)) as well as at the office of the investment intermediary.

## II. CIRCUMSTANCES WHICH CONSTITUTE OR MAY GIVE RISE TO CONFLICTS OF INTEREST ENTAILING A RISKS OF DAMAGE TO THE INTERESTS OF ONE OR MORE CLIENTS

**Art. 13.** Conflicts of interest potentially detrimental to a client within the meaning of Art. 33 of Delegated Regulation 2017/565 is a conflict of interest that arise in the course of providing investment and ancillary services or a combination thereof and whose existence may damage the interests of a client. The conflict of interest may arise in any of the following situations:

- a) Deltastock or a relevant person, directly or indirectly linked by control to the investment intermediary can make a financial gain, or avoid a financial loss, at the expense of the client;
- b) Deltastock or a relevant person, directly or indirectly linked by control to the investment intermediary has an interest in the outcome of a service provided to the client or of a transaction carried out on behalf of the client, which is distinct from the client's interest in that outcome;
- c) Deltastock or a relevant person, directly or indirectly linked by control to the investment intermediary has a financial or other incentive to favour the interest of another client or group of clients over the interests of the client;
- d) Deltastock or a relevant person, directly or indirectly linked by control to the investment intermediary carries on the same business as the client;
- e) Deltastock or a relevant person, directly or indirectly linked by control to the investment intermediary receives or will receive from a person other than the client an inducement in relation to a service provided to the client, in the form of monetary or non-monetary benefits or services.

**Art. 14.** Relevant person in relation to Deltastock within the meaning of Art. 2, Para. 1 of Delegated Regulation 2017/565 and this Policy means any of the following persons:

- a) a director, partner or equivalent, manager or tied agent of Deltastock;
- b) a director, partner or equivalent, or manager of any tied agent of Deltastock;
- c) an employee of Deltastock or of a tied agent of the firm, as well as any other natural person whose services are placed at the disposal and under the control of the firm or a tied agent of the firm and who is involved in the provision of investment services and activities by the firm;
- d) a natural person who is directly involved in the provision of services to Deltastock or to its tied agent under an outsourcing arrangement for the purpose of the provision by the firm of investment services and activities.

**Art. 15.** Person with whom a relevant person has a family relationship within the meaning of Art. 2, Para. 3a of Delegated Regulation 2017/565 and this Policy means any of the following:

- a) the spouse of the relevant person or any partner of that person considered by national law as equivalent to a spouse;
- b) a dependent child or stepchild of the relevant person;
- c) any other relative of the relevant person who has shared the same household as that person for at least one year on the date of the personal transaction concerned.

**Art. 16.** *(Amd. on June 14, 2019)* At present, the specific investment services and activities and ancillary services carried out by or on behalf of Deltastock, in relation to the trading in fixed income securities, may lead to circumstances that constitute or may give rise to a conflict of interest entailing a risk of damage to the interests

of one or more clients, irrespective to the scope of the license of the investment intermediary, are:

- a) the following investment services and activities according to Art. 6, Para. 2 of MiFIA:
  - execution of orders on behalf of clients;
  - deals on own account with financial instruments - fixed income securities.
- b) the following ancillary services:
  - safekeeping and administration of financial instruments for the account of clients, including custodianship and related services such as cash/collateral management and excluding providing and maintaining securities accounts at the top tier level ('central maintenance service') referred to in point (2) of Section A of the Annex to Regulation (EU) No 909/2014;
  - foreign exchange services, where these are connected to the provision of investment services;
- c) Deltastock does not provide the following investment services and does not carry out the following investment activities (although part of these services fall within the scope of its license): portfolio management; investment advice; underwriting of financial instruments and/or placing of financial instruments on the basis of an unconditional and irrevocable commitment to subscribe/acquire the financial instruments on own account; offering financial instruments for initial sale without an unconditional and irrevocable commitment to acquire the financial instruments on own account (placement of financial instruments); operation of an MTF; operation of an OTF.

In view of the above, in respect of the investment services and activities referred to in this point there are no circumstances that constitute or may give rise to a

conflict of interest entailing a risk of damage to the interests of one or more clients.

- d) Deltastock does not provide the following ancillary services (although part of these services are within the scope of its license): Granting loans to investors to allow them to carry out a transaction in one or more financial instruments, where the firm granting the loan is involved in the transaction; advice to undertakings on capital structure, industrial strategy and related matters and advice and services relating to mergers and the purchase of undertakings; investment research and financial analysis or other forms of general recommendation relating to transactions in financial instruments; and services related to underwriting.

In view of the above, in respect of the ancillary services referred to in this point, no circumstances arise that constitute or may give rise to a conflict of interest entailing a risk of damage to the interests of one or more clients.

**Art. 17. (1)** *(Suppl. on June 14, 2019)* The present Policy applies to deals with fixed income securities on a primary and a secondary market and the related investment services and activities and ancillary services performed by Deltastock.

**(2)** *(Suppl. on June 14, 2019)* At present Deltastock offers to its clients the opportunity to trade in fixed income securities on a secondary market on the multilateral trading facility of Bloomberg Trading Facility Limited (BMTF) and on the multilateral trading facility E-Bond Bulgaria operated by Bloomberg Trading Facility Limited, as well as on an Over-the-Counter (OTC) market. In order for the deal to be concluded on BMTF, the client must be a member of BMTF as an individual.

**(3)** In each deal Deltastock acts as a counterparty and all client orders for trading in fixed income securities on a secondary market are executed against the own liquidity of the investment intermediary.



**(4)** *(Suppl. on June 14, 2019)* Deltastock does not transfer (route, direct, send) the client orders to other execution venues, neither on a primary, nor on a secondary market.

**(5)** *(Suppl. on June 14, 2019)* Deltastock does not organise and does not conduct auctions for primary offerings of fixed income securities, nor does it offer its clients the opportunity of direct participation (on their own behalf and on own account) in such auctions. Deltastock accepts and executes client orders for acquisition of fixed income securities on the primary market in the following order:

- a)** The client expresses interest in acquiring certain fixed income securities on a primary market by informing the intermediary about its maximum investment interest at a limit or market price, if there is a choice;
- b)** the investment intermediary participates in the primary market (the respective auction) in accordance with the conditions of the offering on their own behalf and on own account at the ordering and acquisition of the fixed income securities, in which the client has expressed interest;
- c)** after the acquisition of the respective fixed income securities, the investment intermediary provides them to the client through a deal on an OTC market, in which it is the principal (counterparty) in accordance with the approved conditions of the primary offering (the price of the fixed income securities) and the respective service fees.

**Art. 18. (1)** The execution of orders on behalf of the client, as an investment service and activity, performed by Deltastock has the following characteristics:

- a)** *(Amd. on June 14, 2019)* the investment intermediary executes the orders for trading in fixed income securities on the multilateral trading facility (MTF) or outside a trading venue, namely on an OTC market;

- b)** in the case on an MTF, the intermediary acts as a principal (counterparty) to each deal and in the case of an OTC market – as a sole execution venue and as a principal (counterparty) to each deal;
- c)** in both cases (MTF and OTC market) the prices of trading are established (quoted) by Deltastock and not by the counter interest of another client;
- d)** *(Amd. on June 14, 2019)* Deltastock receives and executes orders for trading by clients in the order of their reception and acceptance. However, it does not matter whether the client order was received before that of another client, as in the deals with financial instruments- fixed income securities, offered by the financial intermediary, Deltastock is the counterparty in each deal and all client orders for trading in fixed income securities are executed against the own liquidity of the investment intermediary;
- e)** Deltastock does not transfer (route, direct, send) the client orders to another execution venue, including to subsidiary companies;
- f)** *(Suppl. on June 14, 2019)* Deltastock does not generate and does not provide the prices (quotes) at which trading in fixed income securities is done on a primary market. Rather, the price is defined in accordance with the rules of the respective auction. After the initial acquisition of the respective fixed income securities, the investment intermediary provides them to the client through a deal on an OTC market, in which it is the principal (counterparty) in accordance with the approved conditions and at the set prices of the primary offering, adding the respective service fees. The client is aware of them beforehand (because they are included in the Tariff or have been expressly negotiated between the parties in advance).
- (2)** *(Amd. on June 14, 2019)* In regard to the concessions and exceptions of the general regime, provided for in Art. 89, Para. 1 of MiFIA, the eligible counterparties do not submit written orders to Deltastock in relation to the deals with fixed income securities.

**Art. 19.** In view of the above, in respect to the reception and transmission of orders, the following circumstances may arise that constitute or may give rise to a conflict of interest entailing a risk of damage to the interests of one or more clients:

**a)** As a counterparty, Deltastock profits from the traded volumes realised by the clients, with possible cases where the investment intermediary realises profit in situations where the client loses funds;

**b)** *(Amd. on June 14, 2019)* As a liquidity provider and counterparty on a secondary market, Deltastock, and not the counter interest of another client, forms (quotes) the prices on which the different fixed income securities are traded. It also defines the spread on which the different fixed income securities are traded and, although the prices (quotes) are formed on the basis of the quotes of external liquidity providers and the spread is formed based on the market and the prices of the other intermediaries, a potential conflict of interest exists;

**c)** the trading rules that apply on the MTF are different to the trading rules that apply to the OTC market, different to the trading rules applicable to a regulated market.

**Art. 20.** Concluding deals in financial instruments – fixed income securities - on own account, as an investment service or activity performed by Deltastock, is characterised by the following:

**a)** deals on own account are not concluded with counterparties, clients of Deltastock;

**b)** *(Amd. on June 14, 2019)* These deals are concluded on an MTF or with other participants on the OTC market of fixed income securities;

**c)** Those deals are part of the management of the commercial and/or investment portfolio of Deltastock and do not concern the clients of the investment intermediary in any way;

**d)** *(Suppl. on June 14, 2019, Suppl. on Feb. 3, 2020)* Deltastock does not aggregate/group client orders with orders on own account, with the exception of deals related to the primary market of fixed income securities, even though this is not aggregation/grouping under the Markets in Financial Instruments Act and the Delegated Regulation (EU) 2017/565. In this case, is applied strictly the order provided for in the Policy for Acceptance and Execution of Client Orders Applicable to the Primary Market of Fixed Income Securities.

In view of the above, in respect to the deals on own account, no circumstances may arise that constitute or may give rise to a conflict of interest entailing a risk of damage to the interests of one or more clients.

**Art. 21.** Safekeeping and administration of financial instruments for the account of clients, including custodianship and the related services, as ancillary services, performed by Deltastock, are characterized by the following:

**a)** *(Suppl. on June 14, 2019)* the investment intermediary, if as per an agreement between the parties, must store the client funds, does not keep clients' funds, but deposits them with the persons under Art. 93 of MiFIA, where those persons are not subsidiary companies of the investment intermediary;

**b)** *(Suppl. on June 14, 2019)* the investment intermediary, if as per an agreement between the parties, must store the fixed income securities of their clients, does not keeps the fixed income securities, but deposits the fixed income securities of its own clients in a depository institution, as per Art. 94 of MiFIA, in client sub-accounts under its own account or in accounts opened under the account of a third party;

**c)** the investment intermediary has segregated its financial instruments and cash funds from those of its clients;

**d)** the investment intermediary will not be liable to its creditors with the financial instruments and cash funds of its clients;

- e) the investment intermediary cannot use the financial instruments of its clients on own account, on account of its other clients or on account of any other third party, except with the explicit consent of the client;
- f) the investment intermediary cannot carry out any set-off, any established collateral, as well as any other actions undertaken in respect of his financial instruments and/or cash funds as a result of which a third party acquires the right to dispose of the financial instruments and/or the cash funds of the client in order to meet a claim which is not associated with the client or with the services provided by the investment intermediary to the client.

In view of the above, in respect to safekeeping and administration of the financial instruments on account of clients, no circumstances may arise that constitute or may give rise to a conflict of interest entailing a risk of damage to the interests of one or more clients.

**Art. 22.** In the provision of foreign exchange services, insofar as they are related to the investment services provided, such as ancillary services carried out by Deltastock, the following circumstances may arise that constitute or may give rise to a conflict of interest entailing a risk of damage to the interests of one or more clients: Deltastock may perform currency conversion in the cases in which the currency of payment is different to the currency of the respective fixed income securities, in which case the price of the currency conversion is set by Deltastock.

**Art. 23.** *(Suppl. on June 14, 2019)* With regard to the personal transactions in financial instruments of the members of the Management and Supervisory Boards, the employees and the tied agents of Deltastock, no circumstances may arise that constitute or may give rise to a conflict of interest entailing a risk of damage to the interests of one or more clients. The reason is that at present, Deltastock acts as a principal/counterparty in each deal and the orders are executed at prices quoted by it (or the auction, plus an additional fee that has been negotiated beforehand). Therefore, no situation may arise, in which the client will have as

counterparties any of the persons concluding own deals, neither will the client's transaction price be in any way influenced by the personal transactions concluded by this person.

**Art. 24.** With regard to the remuneration which Deltastock receives or gives in the context of the conflict of interest, there are several aspects:

- a) Deltastock implements a remuneration policy which does not specify any direct link between the remuneration of the management and employees of the investment intermediary, who are principally engaged in one certain activity, and the remuneration, or revenues generated by, different relevant persons principally engaged in another activity, where a conflict of interest may arise in relation to those activities. This Policy does not provide for any formation of remuneration or provision of inducements, which may result in the relevant persons preferring their own interests or the interests of the investment intermediary to the potential detriment of any client. Therefore, no circumstances may arise that constitute or may give rise to a conflict of interest entailing a risk of damage to the interests of one or more clients.
- b) In carrying out of investment services and activities, as well as ancillary services, or a combination of both, Deltastock receives remuneration from its clients as a result this could lead to a potentially detrimental conflict of interest because, as mentioned above, Deltastock generates profit from the volumes realised by the clients, as in some occasions it is possible the investment intermediary to realize profit when the client loses funds.
- c) In carrying out of investment services and activities, as well as ancillary services, or combination of both, Deltastock acts as a counterparty in the deal (concluded on an MTF or the OTC market) and does not transfer (route, direct, send) the client orders to another execution venue. Deltastock does not receive from third parties (who themselves are execution or trading venues) payments and inducements related to the execution of the orders of its clients, nor does it receive remuneration, discount or non-monetary benefit for the transmission of

a client order to a specific trading venue, respectively an order execution venue. Hence, there is no risk of conflict of interests in this respect.

**Art. 25. (1)** At group level, there exist no circumstances that may give rise to conflicts of interest because of the structure of the group and the business activities of the other members of the group.

**(2)** With regard to the subsidiary companies of Deltastock, no circumstances arise that may constitute or give rise to conflict of interest, entailing a risk of damage to the interests of one or more clients. The reasons are the following:

**a)** *(Suppl. on June 14, 2019)* Deltastock acts as a principal/counterparty to each transaction, and all client orders are executed at prices quoted by it (or at prices set by an auction, plus additional fees). Therefore, no situation is possible where the client will have as counterparty any of the subsidiary companies that conclude transactions with Deltastock, neither will the client's transaction price in any way be influenced by the price of the transaction that the subsidiary company concludes with the investment intermediary;

**b)** the investment intermediary does not hold for safekeeping clients' funds and assets in the subsidiary companies of the group.

### **III. MANAGEMENT OF CONFLICTS OF INTEREST**

**Art. 26.** The management of conflicts of interest entailing a risk of damage to the interests of one or more clients is performed by following the relevant procedures and adoption of the respective measure related to avoiding conflicts of interest, identification and management of conflicts of interest that has already arisen, as stipulated in this Policy.

**Art. 27. (1)** Deltastock ensures that the relevant persons under **Art. 14** of the Policy engaged in different business activities, in relation to the conflicts of interest entailing a

risk of damage to the interest of one or more clients, perform these activities at an independent level which corresponds to the size and activities of the investment intermediary and the group to which this person belongs, as well as the risk of damaging the interests of the clients.

- (2) The required level of independence is provided on the basis of the procedures and measures for avoiding and/or management of such conflicts outlined below:
  - a) effective procedures for avoidance and control of the exchange of information among the relevant persons engaged in activities related to a risk of conflict of interest, when the exchange of this information may damage the interests of one or more clients;
  - b) separate supervision of the relevant person whose principal functions are related to the performance of activities on behalf of clients or the provision of services to clients whose interests may be in conflict, or which represent in another way different interests that may be in conflict, including with those of the investment intermediary;
  - c) removal of any direct link between the remuneration of relevant persons principally engaged in the performance of a certain activity, and the remuneration of other relevant persons principally engaged in other activities, or the revenue generated by such activities, when a conflict of interest may arise in relation to those activities;
  - d) measures for avoiding or limiting any person from exercising inappropriate influence over the way in which a relevant person carries out investment or ancillary services or activities;
  - e) measures for avoidance and control of simultaneous or successive participation of the respective person in different investment or ancillary services and



activities, when this may be in detriment to the proper management of the conflict of interest.

**Art. 28.** On an individual level, for Deltastock the procedures for avoiding and controlling the exchange of information among the relevant persons engaged in activities related to a risk of conflict of interest, when the exchange of this information may damage the interests of one or more clients are the following:

- a) with regard to avoiding conflicts of interest, a policy of independence and separation of the functions of the departments and employees performing different activities is applied;
- b) the exchange of information among employees and the respective department head is regulated, as well as among employees/department heads of the different departments in the performance of specific activities, operations and/or transactions, when it can be reasonably expected that the exchange of such information among the individual employees and/or department heads and/or among individual operational divisions of Deltastock may give rise to a potential or actual conflict of interest entailing a risk of damaging the interest of one or more clients, information walls are applied and any other appropriate methods for the prevention of such exchange of information, under the control of the investment intermediary's Compliance Department;
- c) with regard to avoiding conflicts of interest, the "need-to-know" principle is applied to the employees engaged in different activities, namely implemented restriction of the access to information, when the employees of Deltastock have access only to information that is required for the purpose of fulfilling their employment obligations;
- d) with regard to avoiding conflicts of interests in respect to the information system of Deltastock, the following policies are applied: a policy for guaranteeing information confidentiality (by implementing a system of approved limitations over the access to and disclosure of information), a policy

for accountability of information (by implementing control over the access and rights on the information systems), a confidentiality policy (presence of adequate protective and security measures, which ensure the disclosure of information only to authorised users), and an access control policy (the right for access to resources or services requires a password, and the access of the employees of Deltastock to internal and external services is monitored and controlled).

**Art. 29.** On a group level, for the companies from the group of Deltastock, the procedures for averting and control of the exchange of information among the respective persons engaged in activities related to a risk of conflicts of interest, when the exchange of this information may damage the interest of one or more clients, are as follows:

- a) among the companies from the group, there is an independency of the activity, and their employees do not exchange information for specific activities, operations and/or transactions related to clients of the different companies; therefore it can be reasonably expected that no potential or actual conflict of interest may arise that entails a risk for damaging the interests of one or more clients of Deltastock;
- b) the information systems of the companies from the group are separated and are not connected to each other in a way that allows the exchange of information, meaning that the company employees have restricted access to the information in the system of another company from the group; thus, it can be reasonably expected that no potential or actual conflict of interest may arise that entails a risk of damaging the interests of one or more clients of Deltastock.

**Art. 30.** The supervision of the relevant persons whose principal functions are related to the performance of activities on behalf of clients or the provision of services to clients whose interests may be in conflict, or who in another way represent different interests which can be in conflict, including with those of the investment intermediary, is carried out by the Compliance Department through

control and monitoring realised in connection to the overall activities of the intermediary, in relation to the conflict of interest in relation to the different operational divisions of Deltastock, as well as in connection to personal transactions.

**Art. 31. (1)** Deltastock has removed any direct link between the remuneration of relevant persons principally engaged in the performance of one activity and the remuneration of, or revenues generated by, different relevant persons principally engaged in another activity, where a conflict of interest may arise in relation to those activities.

**(2)** Deltastock adopts and applies a policy on the remuneration of the management and employees of the investment intermediary, which ensures that the intermediary's clients are treated fairly and the ways of the formation of remuneration payments do not damage the interests of the clients the in short, medium and long term, and do not give rise to conflicts of interest. The Policy on Remuneration of Deltastock does not specify any formation of remuneration or provision of inducements, which may result in the relevant persons preferring their own interests or the interests of the investment intermediary to the potential detriment of any client.

The Remuneration Policy does not specify a direct link between the remuneration of the management and employees of the investment intermediary principally engaged in one activity, and the remuneration of, or revenues generated by, different relevant persons principally engaged in another activity, or the revenue generated by such activities when a conflict of interest may arise in relation to those activities. Deltastock ensures that is Remuneration Policy shall be applied to all relevant persons with an impact, directly or indirectly, on investment and ancillary services provided by the intermediary, or on its corporate behaviour, regardless of the types of clients, to the extent that the remuneration of such persons and similar incentives may

create a conflict of interest that encourages them to act against the interests of any of the intermediary's clients.

- (3) With regard to trading in fixed income securities on a secondary market, Deltastock acts as a counterparty to the deal (concluded on the MTF or the OTC market) and does not transfer (route, direct, send) the client orders to another execution venue. Hence, Deltastock does not receive from third parties (who themselves are execution or trading venues) payments and incentives related to the execution of the orders of its clients, nor does it receive remuneration, discount or non-monetary benefit for the transmission of a client order to a specific trading venue, respectively an order execution venue. Therefore, there is no direct link along these lines between the remuneration of relevant persons principally engaged in one activity and the remuneration of, or revenues generated by, different relevant persons principally engaged in another activity, or the revenues generated by them, where a conflict of interest may arise in relation to those activities.

**Art. 32.** Deltastock has adopted the following measures to prevent or limit any person from exercising inappropriate influence over the way in which a relevant person carries out investment or ancillary services or activities: the heads of the Capital Markets Department and Information Technologies Department, as well as the Head of Accounting of the investment intermediary, are members of the Management Board and stand at the same hierarchical level, therefore none of them can exercise inappropriate influence over the way in which a relevant person or their subordinated employees carries out investment or ancillary services or activities. In addition to that, in distributing the responsibilities among the different members of Management Board, the company again strives to avoid conflicts of interest and also the possibilities of inappropriate influence, as the Customer Service Department and Back Office Department are not under the responsibilities of the head of the Capital Markets Department, so as not to concentrate the influence over the customer service and the conclusion of transactions in one person from management. It is also

important to note that Compliance Department exercises control and monitoring in relation to the overall activity of the investment intermediary and in connection to the to the activity of the different operational units of Deltastock, as well as to monitor for situations and attempts for exercising inappropriate influence over the way in which a relevant person carries out investment or ancillary services or activities.

**Art. 33.** Deltastock has adopted the following measure for prevention and control of simultaneous or sequential involvement of a relevant person in separate investment or ancillary services or activities where such involvement may impair the proper management of conflicts of interest: implementation of functional and professional separation of the functions of the different employees by not allowing simultaneous or sequential involvement in the activities and services of one and the same person. Front office service is delegated to the Customer Service Department, back-office service, to the Back Office Department, trading in financial instruments is delegated to the Capital Markets Department, information systems, including the electronic trading platforms for trading in financial instruments, is delegated to the Information Technologies Department, accounting operations are performed by the Accounting Department, advertising activities are delegated to the Marketing Department. There are no employees that are present in more than one department. Part of the activities performed by the employees in the respective departments is additionally profiled through job descriptions. It is also important to note that the Compliance Department” exercises control and monitoring in relation to the overall activity of the investment intermediary and also in relation to the activity of the different divisions of Deltastock and the employees in those divisions. Control over the activity of each different division of Deltastock and its respective employees is carried out by the Internal Audit Department of Deltastock.

**Art. 34.** The measures for the identification of conflicts of interest are the following:

- a) the management and employees of Deltastock are obliged to monitor for the presence of conflicts of interest within the meaning of this Policy in the process of fulfilling their job obligations and when such conflicts arise, to immediately inform the head of the Compliance Department, who takes the necessary actions;
  - b) the head and employee of the Internal Audit Department of Deltastock, in the course of performing their audit activity, are obliged to monitor for the presence of conflicts of interest within the meaning of this Policy, and if such conflicts are identified, to immediately inform the head of the Compliance Department, who takes the necessary actions;
  - c) the head and employees of the Internal Audit Department of Deltastock, in the course of performing their control functions, are obliged to monitor for the presence of conflicts of interest within the meaning of this Policy, and if such conflicts are identified, to immediately inform the head of the Compliance Department, who takes the necessary actions.
- Art. 35.** The management of conflicts of interest that have arisen involves taking certain measures and actions intended for the fair treatment of clients, the disclosure of information, and preventing damage to the interests of clients.
- Art. 36.** When a conflict of interest arises between the client and Deltastock (including the persons managing the investment intermediary, the persons working under contract for it, tied agents, or any person who is directly or indirectly linked to the investment intermediary by control) the interest of the client should take priority over the interest of Deltastock or the interest of the person directly or indirectly linked to the intermediary by control.
- Art. 37.** When a conflict of interests arises between a client and an employee of Deltastock, action to protect the client's interests shall be taken, and the employee may refuse to carry out the respective service.

**Art. 38.** When a conflict of interest arises between clients and Deltastock, the following principles shall apply:

- a) equal treatment of clients' interests and non-acceptance of the interest of one client to interest of another, especially when there is a probability that a client to gain preference due to the wider scope of Deltastock's services they use, or other similar reason;
- b) 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 this is the best way to protect the interest of the relevant client;
- c) maintenance of strict confidentiality by Deltastock and its employees for the execution of transactions of a conflicting nature, for the purposes of avoiding an actual conflict of interests, as well as of the risk of carrying out transactions based on inside information.

**Art. 39.** Depending on the conflict of interest that has arisen, the head of the Compliance Department takes the necessary measures for its removal.

**Art. 40. (1)** The head of the Compliance Department informs the Executive Directors of Deltastock on a daily basis about the conflicts of interest that have arisen, as well as about the measures taken and the ways for their removal.

**(2)** The Executive Directors of Deltastock (senior management) receive regularly and not less than once per year written reports in regard to the situations which constitute or may give rise to a conflict of interest entailing a risk of damage to the interests of one or more clients.

**(3)** The reports as per Para. 2 are prepared and provided by the head of Compliance Department.



- Art. 41.** In case the head of Compliance Department cannot resolve the conflicts of interest that have arisen, they immediately inform the Executive Directors of Deltastock. In this case, the arisen conflicts of interest are resolved by the Executive Directors of Deltastock.
- Art. 42.** In the cases where a fair resolution to the conflict of interest, which is satisfactory to the clients, cannot be provided, Deltastock shall refuse to carry out the relevant service.
- Art. 43.** If, in spite of the implementation of the rules for avoiding conflicts of interest, a risk for the client's interests continues to exist, Deltastock shall not perform activities on the client's account, unless the client was duly informed of the general nature and/or sources of the potential conflicts of interest and the measures take for limiting the risk for the client's interests.
- Art. 44. (1)** When the organisational or administrative rules implemented with this Policy are not sufficient to ensure the appropriate security that the risks of damaging the client's interests will be avoided, Deltastock explicitly discloses the general nature and/or sources of conflicts of interest and the measures taken for reducing those risks, before performing activities on the client's account.
- (2)** The disclosure as per **Para. 1** explicitly states that the organizational and administrative arrangements established by the investment intermediary for the avoidance and management of this conflict are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the client will be prevented.
- (3)** The disclosure as per **Para. 1** contains a detailed description of the conflict of interest arising from the provision of investment and/or ancillary services, taking in to account the nature of client to whom the disclosure is being made. The description shall contain a sufficiently detailed description of the general nature and sources of conflicts of interest, as well as the risks to the client that arise as a result of the conflicts of interest, and the steps undertaken to mitigate



those risks, in order to enable the client to take an informed decision with respect to the investment or ancillary service in the context of which the conflicts of interest arise.

- (4) The disclosure as per **Para. 1** is made on a durable medium and includes sufficient details regarding the conflicts of interest that have arisen, taking into account the nature of the client to whom the disclosure is being made, in order to enable the client to take an informed decision with respect to the service in the context of which the conflict of interest has arisen. The information is provided to clients by the employees of the Customer Service Department.

**Art. 45.** Deltastock discloses information to its clients as a measure of last resort and that is used only where the effective organisational and administrative arrangements established by the investment intermediary for preventing or managing its conflicts of interest, and those arrangements are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the client will be prevented.

**Art. 46.** Deltastock strives to prevent conflicts of interest and therefore relies, above all, on the organisational and administrative arrangements that have been implemented for the avoidance of conflicts of interest, and not as much on the arrangements for disclosure and management of conflicts of interest that have arisen.

#### **IV. KEEPING A REGISTER OF SERVICES AND ACTIVITIES GIVING RISE TO DETRIMENTAL CONFLICT OF INTEREST, AND STORING OF INFORMATION**

**Art. 47. (1)** Deltastock keeps and regularly updates a register of the types of investment or ancillary service or investment activity carried out by or on behalf of the investment intermediary in which a conflict of interest entailing a risk of

damage to the interests of one or more clients has arisen or, in the case of an ongoing service or activity, may arise (register of services and activities giving rise to detrimental conflict of interest).

(2) The Register as per **Para. 1** is created on the grounds of the Conflict of Interest Policy of Deltastock approved at a meeting of the Management Board of Deltastock held on May 16, 2018.

(3) The register as per **Para. 1** is kept by the Compliance Department of Deltastock.

(4) Deltastock keeps a register as per **Para. 1** on a durable (electronic) medium in a way that excludes the data to be erased or replaced.

**Art. 48.** The information subject to recording in the register for services and activities giving rise to detrimental conflict of interest is entered no later than the end of the business day when this information has become known by the Compliance Department.

**Art. 49.** Deltastock retains the documents for a period of 5 (five) years on a medium that allows the storage of information in a way accessible for future reference by the competent authority, and in such a form and manner that the following conditions are met:

- a) the competent authority is able to access them with ease and to reconstitute each key stage of the processing of each transaction;
- b) it is possible for any corrections or other amendments, and the contents of the records prior to such corrections or amendments, to be easily ascertained;
- c) it is not possible for the records otherwise to be manipulated or altered;
- d) it allows IT or any other efficient means when the analysis of the data cannot be easily carried out due to the volume and the nature of the data; and

- e) the investment intermediary's arrangements comply with the record keeping requirements irrespective of the technology used.

## V. FINAL PROVISIONS

**Art. 50.** This Policy is reviewed on a regular basis, at least once per year, as well as in case of any significant change. Deltastock monitors the effectiveness of the Policy and in case deficiencies are identified, it removes them, including by an update to the Policy.

**Art. 51.** The head of the Compliance Department of Deltastock includes in their monthly report the discrepancies identified during the inspections, in relation to conflicts of interests and the measures taken for their removal, as well as any recommendations for amendments to the current Policy, in case it does not fully ensure compliance with legal requirements.

**Art. 52.** The latest current applicable version of this Policy is available to clients at the offices of Deltastock, as well as on its website ([www.deltastock.com](http://www.deltastock.com)). Deltastock informs its clients via its website of any significant amendments to the Policy or for the adoption of a new one.

**Art. 53.** *(Suppl. on June 14, 2019, Suppl. on Feb. 03, 2020)* This document was adopted at a meeting of the Management Board of Deltastock, held on 14 May 2019. The document has been amended and supplemented on 14 June 2019. It entered into force on 14 May 2019. The document has been amended by the Management Board of Deltastock at a meeting held on 3 February, 2020 and the amendments are effective from 17 February, 2020.



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