



I N F O R M A T I O N

**regarding the costs and charges incurred by
clients of Deltastock trading in fixed income
securities**

I. GENERAL PROVISIONS

Art. 1. This Information regarding the costs and charges incurred by clients of Deltastock trading in fixed income securities (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.

Art. 2. The information is prepared in accordance with the nature, scale and complexity of the business activities performed by Deltastock.

Art. 3. The information is applicable to the Agreements between Deltastock and its clients (professional clients and eligible counterparties), which regulates trading in fixed income securities.

Art. 4. Deltastock offers to its clients the following types of fixed income securities:

- a) government bonds issued by the Republic of Bulgaria or other countries;
- b) corporate bonds of Bulgarian and foreign legal persons;

Art. 5. Deltastock executes trading orders with the instruments under **Art. 4** on a secondary market through a multilateral trading facility (MTF) or an over-the-counter (OTC) market, as well as on a primary market through an OTC market as:

- a)** on a primary market – the investment intermediary participates on the primary market on own behalf and account by submitting an order and acquiring the fixed income securities, for which it has a preliminary pronounced interest from the client. After acquiring the respective securities Deltastock provides them to the client through a deal to which it is the principal (counterparty), in accordance with the approved conditions of the primary offering and the respective service fees;
- b)** on a secondary market – in the case of execution on an MTF the intermediary acts as a principal (counterparty) to each deal, where the prices of the trade are determined (quoted) by Deltastock and not by the counter-interest of another client;
- c)** on a secondary market – in the case of execution on an OTC market the intermediary acts as the single execution venue and as a principal (counterparty) to each deal, with the prices of the trade are determined (quoted) by Deltastock and not by the counter-interest of another client.

Art. 6. Deltastock is the counterparty to each deal of clients with fixed income securities and not as an agent or broker. Also, it does not transfer (route, direct, send) client orders for trading with the instruments under **Art. 4** to another execution venue.

Art. 7. Deltastock is the counterparty to each deal with fixed income securities, hence:

- a)** it charges its client only the fees and commissions stated in the Tariff of Deltastock for Deals with Fixed Income Securities and the Related Investment Services and Activities and Ancillary Services (The Tariff);
- b)** does not apply different fees depending on the execution venue;

- c) does not receive payments or benefits and incentives 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.
- Art. 8.** 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).
- Art. 9.** The current version of the Tariff is available to clients in the offices of Deltastock, as well as on the website of the company (www.deltastock.com).
- Art. 10.** The fees and charges payable by the clients are:
- a) commissions (brokerage commission or payment charges);
 - b) fees (on deals with fixed income securities and fees related to the safekeeping and administration of fixed income securities);
 - c) taxes.
- Art. 11.** Deltastock may require the client to make certain payments on proven and justified claims in connection with realised delays related to the activity and the amount of such payments will be determined according to the specific request / claim or by agreement between the investment intermediary and the client. These costs arise ad hoc and cannot be pre-specified and valued.
- Art. 12.** Deltastock AD determines the price of the fixed incomes securities on the secondary market on the "all in" principle. The price of the deal which is paid by

the client is final and outside of that the client is not charged additional fees and commissions. In view of this, the deal price is the only cost the client pays in connection with the conclusion of a deal with fixed income securities on a secondary market.

Art. 13. When executing deals with fixed income securities on a secondary market, Deltastock adheres to the principles of "Delivery versus Payment" (DVP), "Safe settlement" or "Delivery free of payment" (DFP).

Art. 14. Deltastock determines the price of the fixed income securities acquired on a primary market by adding an intermediary fee to the acquisition price of the fixed income securities.

Art. 15. Customer charges (commissions and fees) are collected by Deltastock with the intermediary directly charging the client's trading account.

Art. 16. 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.

Art. 17. 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 FALLING WITHIN THE SCOPE OF ANNEX II FROM DELEGATED REGULATION 2017/565

Art. 18. 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) commissions (brokerage commission or payment charges);

b) fees (on deals with fixed income securities and fees related to the safekeeping and administration of fixed income securities);

Art. 19. The commission (brokerage commission) is cost charged by the investment intermediary and paid by the client for execution of a client's order for trading in fixed income securities. The commission is determined as a percentage of the total amount of the deal.

Art. 20. The payment charges are a cost charged by Deltastock and / or a commercial bank and paid by the client for the execution of a client's order to deposit or withdraw funds. The commission is determined as a percentage of the corresponding amount.

Art. 21. Deltastock has not introduced and does not charge a brokerage commission for trading in fixed income securities.

Art. 22. Deltastock charges a commission related to withdrawals through bank transfers and cash withdrawals both in national currency and in foreign currency regardless of the withdrawal amount. Cash operations are possible only on the territory of the Republic of Bulgaria in the office of Deltastock.

Art. 23. Detailed information on the commissions is available in The Tariff and also on the website of Deltastock (www.deltastock.com).

Art. 24. The fee on deals with fixed income securities is a cost charged by Deltastock and paid by the client for the execution of a client order for trading in fixed income securities. The fee is determined as a fixed sum or as a percentage of the respective sum of the deal.

Art. 25. Deltastock calculates and/or charges a fee in connection with the client deals with foreign fixed income securities upon participation on a primary market. The fee is charged on the approved quantity (nominal value) of the foreign fixed income securities acquired through participation on a primary market and is set forth in the Tariff. In certain cases, at Deltastock's discretion, may be agreed fees different than the ones provided in the Tariff.

Art. 26. Deltastock does not charge fees for trading in fixed income securities on a secondary market.

Art. 27. The fee connected to the safekeeping and administration of fixed income securities is a cost charged by Deltastock and/or a depository institution (and/or its sub-depository institution) and paid by the client for the execution of a client order, instruction, request, direction or other, related to the fixed income securities and in particular related to their safekeeping, transfer, settlement and any other expenses related to the administration of the fixed income securities. The fee is determined as a fixed sum or a percentage. In the latter case it is calculated based on revaluated balances stored as of the end of the month, whereas the percentages listed in the Tariff are on an annual base (30/360) and include VAT. In certain cases, at Deltastock's discretion, may be agreed fees different than the ones provided in the Tariff.

Art. 28. Deltastock charges a fee related to the safekeeping and administration of fixed income securities, including their transfer and settlement.

Art. 29. Detailed information on the commissions is available in The Tariff and also on the website of Deltastock (www.deltastock.com).

III. TYPES OF COSTS AND CHARGES NOT FALLING WITHIN THE SCOPE OF ANNEX II FROM DELEGATED REGULATION 2017/565.

Art. 30. 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.

Art. 31. The tax regime, respectively the tax due by the client when trading in fixed income securities 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.

Art. 32. 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.

Art. 33. Deltastock acts as a “Withholding Agent” under the US tax legislation and deducts a tax on the interests (coupon payments from US fixed income securities and US bonds). In such cases Deltastock will deduct the tax from the client and will pay it to the Internal Revenue Service (IRS) on behalf of the client.

Art. 34. 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 National 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>.

Art. 35. 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>

Art. 36. Deltastock does not provide advice to its clients on regulatory, legal and/or tax issues.

VI. FINAL PROVISIONS

Art. 37. The information is not a part of the Agreement for Trading in Fixed Income Securities between the client and Deltastock nor is it applicable to the General Terms of Business Applicable to the Agreements for Trading in Fixed Income Securities 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.

Art. 38. A review of this Information is done at least annually, as well as during each substantial change.

Art. 39. The latest version of this Information is available in the office and on the website of Deltastock. (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.

Art. 40. This document has been adopted by the Management Board of Deltastock at a meeting held on 14 June, 2019 and is effective from the same date.



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