



I N F O R M A T I O N

**regarding the investment intermediary
Deltastock and its services related to fixed
income securities, as intended for clients and
potential clients**

I. GENERAL PROVISIONS

- Art. 1.** This Information regarding the investment intermediary Deltastock and its services as intended for clients and potential clients (hereinafter referred to as “the Information”), has been developed on the basis and in accordance with the provisions of Art. 47, in connection with Art. 46 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) and Art. 71, Para. 2 from the Market in Financial Instruments Act (MiFIA) and complies 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), in particular with 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 Agreement between Deltastock and its professional clients and eligible counterparties which regulates trading in fixed income securities.
- Art. 4.** The other financial instruments, different from fixed income securities, offered by Deltastock, are not subject to the present Information.

II. INFORMATION ABOUT THE INVESTMENT INTERMEDIARY DELTASTOCK

- Art. 5.** The investment intermediary Deltastock is a trading company registered under the Bulgarian Commerce Act, whose headquarters and registered address is at Megapark Office Building 6th Floor, Office Area E, 115G Tsarigradsko Shose Blvd. Sofia 1784, Bulgaria.
- Art. 6.** Deltastock’s contacts are:

Address:	Megapark Office Building 6th Floor, Office
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	Area E, 115G Tsarigradsko Shose Blvd. Sofia 1784, Bulgaria
Contact numbers for Deltastock:	02/811 50 50 089 781 80 30 088 991 96 69 087 960 11 22 0700 18 180 (at the price of a local phone call)
Contact numbers for the Customer Service Department of Deltastock:	02/811 50 50 02/811 50 60 02/811 50 55 0700 18 180 (at the price of a local phone call)
Contact numbers of the head of Fixed Income Securities department :	02/40 11 490 02/811 50 66
Contact number of the head of the Compliance Department:	02/811 50 10
Official email address:	office@deltastock.bg
The email address of the Customer Service Department:	sales@deltastock.com frontoffice@deltastock.bg
The email address of the head of the Fixed Income Securities Department:	fixed.income@deltastock.com
The email address of the head of the Compliance Department:	compliance@deltastock.com
The website of Deltastock:	www.deltastock.com

Art. 7. The languages in which the client can communicate with Deltastock and receive documents and other information related to fixed income securities are Bulgarian and English:

Art. 8. The means of communication between Deltastock and its clients are as follows:

- a) over the phone;
 - b) via e-mail;
 - c) by exchange of documents signed with electronic signatures;
 - d) *(Suppl. Feb. 2020)* through the multilateral trading facility Bloomberg Trading Facility Limited (referred to as BMTF for brevity).
9. Means for the transmission and reception of orders:
- a) at the address of Deltastock;
 - b) over the phone;
 - c) by fax;
 - d) via e-mail;
 - e) by exchange of documents signed with an electronic signatures;
 - f) *(Amd. Feb. 2020)* through BMTF.

Art. 10. Deltastock holds license № RG-03-0146 dated 23.11.2018, issued by the Financial Supervision Commission for the provision of investment services as an investment intermediary on the territory of the Republic of Bulgaria and abroad.

Deltastock is entitled to carry out its activities under the rules on the freedom to provide services in all European Union member states.

The supervision of the activities carried out by Deltastock, in its capacity as an investment intermediary, is performed by the Bulgarian Financial Supervision Commission, whose registered address is at 16 Budapest Str., Sofia, Bulgaria; www.fsc.bg

Art. 11. Deltastock does not carry out any activities through the use of tied agents, neither on the territory of Bulgaria, nor in other European Union member states.

Art. 12. The nature, frequency and regularity of the reports about the achieved results from the service, which will be provided by Deltastock in accordance with Art. 25, Para. 6 from MiFID II, are as follows:

a) Deltastock provides its client with confirmations on the executed transactions and statements in respect to the investment services and activities with fixed income securities carried out by them. The terms and deadlines for submitting the notices for the different financial instruments are determined in the particular agreement with the client, and they are consistent with the regulations on the market where these financial instruments are traded.

b) *(Amd. Feb. 2020)* When the client uses BMTF, Deltastock sends confirmation for each transaction, executed upon the instruction of a client. This is done in correspondence with the functional characteristics of BMTF. If the client does not use BMTF, the confirmation of each deal is sent in a timely manner at the e-mail address provided by the client, but no later than the first business day following the day of the execution of the transaction.

c) Each quarter Deltastock sends a statement on a durable medium to each client whose financial instruments and funds it keeps. It will contain information on the financial instruments and funds, unless the data has not been provided in another periodical statement. Upon request from the client, Deltastock can provide this statement more frequently, for a commercial fee.

Art. 13. Deltastock, in its capacity of an investment intermediary, which holds financial instrument and funds that belong to clients, takes adequate measures to protect clients' ownership rights on these assets. These measures are the following:

a) Deltastock segregates its financial instruments and funds from those of its clients.

b) Deltastock maintains accountability and keeps accounts of the financial instruments and funds of its clients, which:

➤ ensure that at any time the investment intermediary can segregate clients' assets among the different clients and its own assets;

➤ ensures the accuracy, and in particular their correspondence to the financial instruments and funds held for clients;

➤ Can be used for a documentary traceability (audit trail).

- c) Deltastock keeps analytical accounts of all the financial instruments and funds of its clients. Deltastock takes the necessary measures to ensure that all client financial instruments can be, at any time, clearly distinguished from the financial instruments of the investment intermediary, through accounts held in different names in the accounting of the investment intermediary or through other equivalent measures that achieve the same level of protection.
- d) If a counterparty holds their own financial instruments, Deltastock does not keep analytical accounts for them.
- e) Deltastock will not enter into contract arrangements for securities financing, within the meaning of Art. 3 form Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012, in relation to the financial instruments held on clients' behalf, or to dispose with these instruments on own account or for the account of another person or client of the investment intermediary.
- f) The limitation specified above is not applied if the following conditions are simultaneously present:
- The client has given in advance, in writing, their explicit consent for using their financial instruments;
 - The use of this client's financial instruments is limited to the given conditions with which the client has agreed beforehand.
- Deltastock has introduced control systems and mechanisms which guarantee that only the financial instruments of clients who have given their prior explicit consent are used. The consent for use of the client's financial instruments under certain conditions is stored on a durable item.
- g) Deltastock will not be liable to its creditors with the financial instruments of funds of its clients. It does not allow any forced execution on the financial instruments and funds of client in order to cover obligations of Deltastock.

- h)** Deltastock establishes adequate organisational arrangements to minimise the risk of the loss or diminution of client financial instruments and funds, or of rights in connection with those assets, as a result of misuse of the assets, fraud, poor administration, inadequate record-keeping or negligence.
- i)** Deltastock appoints an employee to fulfil its obligations in relation to the safeguarding of client financial instruments and funds.
- j)** The fixed income securities offered for trading by Deltastock, are in essence transferable securities. In that regard, Deltastock deposits this type of financial instruments in a depository institution under Art. 94, para. 1 of MiFIA, in client accounts to the account of the investment intermediary or in accounts to the account of a third party. Deltastock stores client fixed income securities only with the explicit request of the client.
- k)** Deltastock does not keep the client funds related to fixed income securities. Deltastock deposits them with persons under Art. 93, para. 1 of MiFIA in an account or accounts segregated from other accounts where the investment intermediary keeps its own funds.

Deltastock does not deposit client funds in a qualifying money market fund.

Deltastock does not deposit client funds with credit institution or a qualifying money market fund, which are a part of the same group as the investment intermediary.

Deltastock deposits its client funds in the commercial banks (credit institutions) specified on its website (www.deltastock.com).

Deltastock informs the client or the potential client through the durable medium, stated by him/her or through its website, when the accounts, which hold the funds of that client, are subjected to or will be the subjected to the legislation of a country which is not a EU member state and will state that the rights of the client or the potential client related to those funds may respectively be different.

Deltastock informs clients or potential clients through the durable medium, stated by them or through its website, about the cases when that client's fund can be held by a third party on behalf of the investment intermediary, and the responsibilities of the

Investment Intermediary under the applicable national legislation regarding all actions or inactions of the third party, as well as about the consequences for the client that may result from an eventual insolvency of the third-party.

- l) Deltastock reconciles its accounts and records with those of the persons under Art. 93, para 1 and Art. 94, para. 1 of MiFIA, with which the assets of the client and the intermediary are held. The reconciliation of funds is performed daily and that of financial instruments is frequent, but no less than once a week.
 - m) Detailed information on this subject can be found in the document “Information concerning safeguarding of the financial instruments and funds of Deltastock’s clients trading fixed income securities”, which is available in the offices of Deltastock, as well as on the website of the company (www.deltastock.com).
 - n) The financial instruments – fixed income securities – are offered by Deltastock to professional clients and eligible counterparties. Considering this, inasmuch as this type of persons fall within the scope of Art. 77d of the Public Offering of Securities Act, they are excluded from the compensatory protection provided by the Investor Compensation Fund.
- Art. 14.** Deltastock applies a policy regarding the conflict of interest applicable to the deals with fixed income securities, which is the following:
- a) In carrying out of investment services and activities with fixed income securities, as well as 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:
 - 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;
 - individual clients of the investment intermediary.
 - b) Deltastock takes measures for the prevention of conflicts of interest, and if such were to arise, it ensures their fair treatment.

- c) 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.
- d) The Policy applies in respect to all clients of Deltastock concluding deals in fixed income securities - professional clients and eligible counterparties.
- e) The Policy applies to deals with fixed income securities and the related investment services and activities and ancillary services performed by and on account of Deltastock.
- f) Specific investment services, activities and ancillary services related to fixed income securities, carried out by or on behalf of Deltastock, which 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:
- execution of orders on account of clients;
 - deals on own account with financial instruments – fixed income securities;
 - safekeeping and administration of financial instruments on account of clients, including custodial services and the related services like management of funds and collaterals, except the centralised keeping of accounts in accordance with Section A, para. 2 of the annex to the Regulation (EU) No. 909/2014;
 - provision of services related to foreign means of payment, inasmuch as they are related to the investment services rendered.
- g) In regard to the execution of orders on behalf of clients, as an investment service and activity performed by Deltastock, there could be 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:
- 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;

- as liquidity provider, Deltastock, and not a counter interest of another client, determines (quotes) the trading prices, also it determines the spread for the traded fixed income securities, and although the prices (quotes) are formed on the basis of the quotes of external liquidity providers, and the spread is determined relative to the market and the prices of the other intermediaries, a potential conflict of interest exists;
- the trading rules applicable to an MTF are different from the trading rules of the OTC market and are different from the rules which apply to a regulated market.
- h) In regard to concluding deals on own account with fixed income securities, as an investment service or activity performed by 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.
- i) In regard to the safekeeping and administration of fixed income securities on the account of clients, performed by 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.
- j) In regard to 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 when the currency of payment is different from the currency of the various fixed income securities, while the conversion prices are determined on the basis of the prices quoted by Deltastock.
- k) 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 to each deal and the client orders are executed at prices quoted by it. Therefore, no situation is possible where the client will have as counterparty any of the persons concluding personal transactions,

neither will the client's transaction price be in any way influenced by the personal transactions concluded by this person.

- 1) With regard to the remuneration which Deltastock receives or gives in the context of the conflict of interest, there are several aspects:
 - 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;
 - 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 realise profit when the client loses funds;
 - in carrying out of investment services and activities, as well as ancillary services, or a combination of both, Deltastock acts as a counterparty to the deal (concluded on an MTF or an OTC market) and does not transfer (route, direct, send) the client orders to another execution venue. Deltastock does not receive payments or inducement from third-parties (which are themselves execution venues or trading venues), in relation to the execution of client orders, neither does it receive remuneration, discount or non-monetary benefit for transmitting a client's order to a particular trading venue, respectively order execution venue, therefore there is no possibility of a conflict of interest arising in this respect.

m) At group level, no circumstances exist 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.

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:

- Deltastock acts as a principal/counterparty to each deal and the client orders are executed at prices quoted by it. Therefore, no situation is possible where the client will have as counterparty any of Deltastock's subsidiaries concluding transactions, neither will the client's transaction price be in any way influenced by the transactions concluded by this subsidiary.
- the investment intermediary does not hold for safekeeping clients' funds and assets in the subsidiary companies of the group.

n) 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 the present Policy of Deltastock.

Deltastock ensures that the relevant persons 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.

o) 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.

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.

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.

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

- 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;
- 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;
- 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.

Depending on the conflict of interest that has arisen, the head of the Compliance Department takes the necessary measures for its removal. In case when the head of the Compliance Department cannot resolve the conflicts of interest that have arisen, he/she immediately informs the Executive Directors of Deltastock. In this case, the arisen conflicts of interest are resolved by the Executive Directors of Deltastock.

- p) 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.
- q) If, in spite of the implementation of the rules for avoidance of conflict of interest, a risk related to harming the interests of a client continues to exist, Deltastock may not perform activities on behalf of that client, unless the client was duly informed of the

general nature and/or sources of the potential conflicts of interest and the measure taken for limiting the risk to the client's interests.

- r) 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 the conflicts of interest and the measures taken for reducing those risks, before performing activities on the client's account.

The disclosure 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. The disclosure includes a specific description of the conflicts of interest that have arisen in the provision of investment and/or ancillary services, taking into account the nature of the 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.

The disclosure 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.

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.

s) 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.

t) Detailed information on this subject can be found in the document Conflicts of Interest Policy Applicable to Deals with Fixed Income Securities Related Investment Services and Ancillary Services of Deltastock, available at the offices of Deltastock as well as on the company's website (www.deltastock.com).

Art. 15. Deltastock offers to its professional clients and eligible counterparties the opportunity to trade in fixed income securities on a primary and a secondary market by paying their full price as follows:

a) Government bonds issued by the Republic of Bulgaria and corporate bonds of Bulgarian legal persons – on a secondary market and

b) Government bonds issued by countries other than the Republic of Bulgaria and corporate bonds of foreign legal persons – on a primary and a secondary market.

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:

➤ 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 in which it is the principal (counterparty), in accordance with the approved conditions of the primary offering and for the respective service fees;

➤ On a secondary market – in the case of execution on an MTF market the intermediary acts as a principal (counterparty) to each deal, with the prices of the trade determined (quoted) by Deltastock and not by the counter-interest of another client;

➤ 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 determined (quoted) by Deltastock and not by the counter-interest of another client.

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

- Government bonds issued by the Republic of Bulgaria or other countries;
- Corporate bonds of Bulgarian and foreign legal persons;

The main characteristics of the fixed income securities offered by Deltastock are:

- The fixed income securities are issued by their issuer and not by Deltastock;
- The fixed income securities offered by Deltastock are a transferable dematerialised security. They are stored in a depository institution under Art. 94, para. 1 of MiFIA in client sub-accounts to the account of the investment intermediary or in accounts opened to the account of a third party;
- Either party acquires as an electronic record the respective type fixed income security on its own account in a depository institution under Art. 94, para. 1 of MiFIA, or in accounts opened to the account of a third person;
- Either party is obliged to buy or sell, to deliver or receive, the respective dematerialised fixed income security;
- The rights and obligations of either party to the agreement for trading in fixed income securities include the provision of fixed income securities subject of the deal and the necessary funds for payment and to conclude it on the settlement date;
- The deals with fixed income securities are subject to centralised clearing;
- The fixed income securities objectify liabilities (debt) of their issuer – local or foreign legal person or government – to their holder (client);
- The holder gains the right to receive the nominal value (principal) at the maturity date and coupon (interest) related to the part of the corporate contractual debt held;
- The nominal value of the principal of the corporate bonds is the sum that the holder will receive at the maturity date of the corporate bond. The newly issued bonds are sold at nominal value. The nominal value of the bond is not its price;

- The price of the bond varies through the entire period until its maturity. When one bond is traded at a price higher than its nominal value, it is traded at a premium. When the bond is traded at a price lower than the nominal value, it is traded at a discount;
- The fixed income securities offered by Deltastock can be with a fixed interest, i.e. the coupon payments are a percentage of the nominal value or to be with a floating interest, i.e. the coupon payments are corrected periodically, depending on a specific indicator for a market interest, for example the Euribor index. The payments of interest, depending on the condition of the emission, can be monthly, quarterly, each six months or annual.
- The maturity period or the maturity date of fixed income securities may vary from several days to several years. The price of a bond with a longer maturity will fluctuate more than the price of a bond with a shorter maturity period. Since the payments on the bond at other equal conditions depend on the stability of its issuer, the short maturity period bring less risk to the holder.

Detailed information regarding the fixed income securities offered by the investment intermediary can be found in the document “Information regarding the financial instruments –fixed income securities, subject to the investment services carried out by Deltastock and the risks involved”. It is available in the office of Deltastock and on the website (www.deltastock.com).

- Art. 16.** Trading in fixed income securities is implicitly suitable for investors seeking long-term investment, but, similarly to trading with other financial instruments, is risky. The specifics of those risks include:
- a) Deltastock warns that trading in financial instruments, including with fixed income securities, bears significant risks. Regardless of the fact that the fixed income securities are offered to eligible counterparties and professional clients, it is advisable that the clients become familiar with the specifics of this type of trading if they have no experience, before commencing live trading which might bring them financial losses.
 - b) In trading with financial instruments, including fixed income securities, there is no guarantee that the initially invested sum will not be lost. There is no guarantee that the

promised or expected yield will be realised. There is a danger of losses exceeding the deposited sum, but they will correspond to the results of the activities of the client and their investment behaviour and the status of the issuer.

- c) Clients investing in the fixed income securities offered by Deltastock must bear in mind that the yield of the investment, besides by its parameters and the market conditions, is also affected by fees, commissions and interests deducted by the investment intermediary. They are specified in the Tariff for Deals with Fixed Income Securities and the Related Investment Services and Activities and Ancillary Services of Deltastock. Information about fees, commissions and interests for trading in fixed income securities is published and freely available on the website of Deltastock (www.deltastock.com).
- d) The risks typical of the offered by Deltastock class financial instruments – corporate bonds of Bulgarian and foreign legal persons mainly are: market risk; liquidity risk; currency risk; issuer risk; risk related to settlement.
- e) Detailed information regarding the risks related to fixed income securities offered for trading by the investment intermediary, can be found in the document “Information regarding the financial instruments –fixed income securities, subject to the investment services carried out by Deltastock and the risks involved”. The information is also published and freely available on the website of Deltastock (www.deltastock.com).

Art. 17. Deltastock does not require from its clients – eligible counterparties and professional clients – information about their knowledge and experience when providing services for accepting and executing trading orders for fixed income securities, as the offered financial instruments and the related services cover the following conditions:

- a) Trading in fixed income securities can be carried out on an MTF;
- b) The fixed income securities are not bonds or other types of securitised debt with an underlying derivative instrument and do not have a structure hindering the client from understanding the underlying risk;
- c) The service of accepting and executing trading orders for fixed income securities with or without additional service is provided solely upon the initiative of the client;

- d) Deltastock informs in written the client or the potential client that it will not perform evaluation of expedience;
 - e) Regardless of the above, Deltastock warns that before trading in fixed income securities, the client should assess whether the service offered is suitable for them considering their knowledge and experience.
- Art. 18.** Deltastock accepts and executes client orders for acquisition of fixed income securities both on primary and secondary markets.
- Art. 19.** The acceptance and execution of client orders for acquisition of fixed income securities on a secondary market has the following features:
- a) In trading in fixed income securities on a secondary market Deltastock is a counterparty to each deal with this type of instruments and all client orders for trading on a secondary market are executed against the own liquidity of the investment intermediary;
 - b) Deltastock does not transfer (route, direct, send) client trading orders to another execution venue;
 - c) *(Amd. Feb. 2020)* Deltastock executes orders for trading in fixed income securities on account of the client through a MTF, namely an OTC market;
 - d) In the event of execution through a MTF, the intermediary acts as a principal (counterparty) to each deal and in the event of execution on an OTC market – as a sole execution venue and as a principal (counterparty) to each deal;
 - e) The execution both through a MTF and on the OTC market the trading prices are determined (quoted) by Deltastock and not by the counter interest of another client;
 - f) Deltastock accepts and executes client trading orders for fixed income securities on a secondary market in the order of their entry. However, it is irrelevant whether the order of one client has entered and been accepted before the order of another client, as in trading with debt instruments Deltastock is the counterparty to each deal and all client orders for trading in fixed income securities on a secondary market are executed against the own liquidity of the investment intermediary.

- g)** Deltastock warns that any specific client instructions may hinder the investment intermediary to take the measures provided and applied in the “Policy for Execution of Client Orders Applicable to Fixed Income Securities on a Secondary Market of Deltastock” when executing those orders with regard to the elements covered in these instructions;
- h)** Deltastock 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);
- i)** Deltastock does not apply different fees depending on the execution venue;
- j)** Deltastock does not receive payments or benefits and incentives from third parties (which are themselves execution venues) in connection to the execution of those transactions;
- k)** Deltastock does not receive remuneration or discounts or non-monetary benefits for the transmission of client orders to a specific trading venue, respectively execution venue;
- l)** Deltastock 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;
- m)** The information about the costs, paid by clients for each financial instrument, offered by Deltastock, is available in The Tariff and also on the website of the investment intermediary (www.deltastock.com);
- n)** The up-to-date version of the Tariff of Interest rates, fees and commissions of Deltastock is available to clients in the offices of Deltastock, as well as on the website of the company (www.deltastock.com);
- o)** Deltastock executes the orders of clients – professional and eligible counterparties – for trading in fixed income securities on a secondary market through an MTF or outside a trading venue, namely on an OTC market;

- p) Deltastock executes immediately, fairly and accurately the accepted client orders, including by observing the order of entry of identical orders;
- q) Deltastock observes the following conditions when executing client orders for trading in fixed income securities:
- Guarantees that the orders executed on clients' behalf are immediately and correctly registered and allocated;
 - Executes client orders comparable in other aspects consecutively and immediately, unless this is impossible due to the features of the order or the prevailing market conditions, or if the client interest does not suggest otherwise;
- r) Deltastock does not misuse the information related to pending client orders and takes all reasonable measures to prevent the misuse of such information by either person;
- s) When executing a client order Deltastock takes all sufficient steps to achieve the best possible result for the client, by taking into account the price, expenses, speed of order execution, probability of execution and settlement (if such is required by the type of order), size, nature and all other circumstances related to the order execution;
- t) When executing a client order Deltastock takes into account the following criteria for establishing the relative importance of the factors listed above:
- Client features, including categorisation;
 - Features of the client order;
 - Features of the financial instruments subject of this order;
- u) When the client has given specific instructions, Deltastock executes the order following these instructions. All special client instructions derogate the rules for achieving best result established in the Policy. When executing an order in accordance with explicit client instructions, the parties unconditionally agree that Deltastock has fulfilled its obligation for achieving the best result. Deltastock is not liable if it has correctly and dutifully executed a client order, following the explicit instructions. The risk and consequences from the execution of such orders remain entirely on account and responsibility of the client;

- v) Information about the execution of client orders is available in the “Policy for Execution of Client Orders Applicable to Trading in Fixed Income Securities on a Secondary Market of Deltastock” which is available and freely accessible on the website of Deltastock (www.deltastock.com).
- Art. 20.** The acceptance and execution of client orders for acquisition of fixed income securities on a primary market have the following specifics:
- a) Deltastock does not organise and conduct auctions for primary offering of fixed income securities, nor does it provide the option for direct participation (on own behalf and own account) in such auctions.
- b) When acquiring fixed income securities on a primary market Deltastock applies the following order:
- The client expresses interest in acquiring certain fixed income securities on a primary market by informing the intermediary about their maximum investor interest at a limit or market price, if there is a choice;
 - If upon submitting its order for participation on a primary market the investment intermediary has grouped together (aggregated) the investment interest of several clients, or has grouped together (aggregated) client interest with own interest, Deltastock allocates the fixed income securities acquired through participation on a primary market to all parties whose interest it has grouped together (aggregated) under the Policy for Acceptance and Execution of Client Orders for Participation on a Primary Market of Deltastock, which is applicable to participation on a primary market and after that provides them to the clients under the conditions in the previous point.
- c) When executing a client order Deltastock takes all sufficient steps to achieve the best possible result for the client, by taking into account the price, expenses, speed of order execution, probability of execution and settlement (if such is required by the type of order), size, nature and all other circumstances related to the order execution. Those factors are applicable inasmuch as they are related to the specifics of trading in fixed income securities on a primary market.

- d) When executing client orders Deltastock does not consider the following criteria for establishing the relative importance of the factors for achieving the best result for the client:
- Characteristics of the client order when the order is related to a deal for financing with securities, as Deltastock does not offer such deals to its clients and
 - The characteristics of execution venues to which the order can be directed, as this is a primary market and who will conduct the auction does not depend on the choice of the investment intermediary.
- e) The price of the fixed income securities is determined in accordance with the rules of the respective auction. Deltastock does not generate independently and does not provide the prices (quotes) at which trading with fixed income securities on a primary market is conducted. 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 to which it is the principal (counterparty) in accordance with the approved conditions and at the determined prices of the initial offering, plus the respective service fees.
- f) Information about client order execution is available in the “Policy for Execution of Client Orders Applicable to Participation on Primary Market of Fixed Income Securities of Deltastock” which is available and freely accessible on the website of Deltastock (www.deltastock.com).

III. FINAL PROVISIONS

- Art. 21.** 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. 22.** A review of this Information is done at least annually, as well as during each substantial change.

Art. 23. 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. 24. (Suppl. Feb. 2020) 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. The document has been amended by the Management Board of Deltastock at a meeting held on 3 February, 2020. The amendments are effective from 17 February, 2020.





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