



I N F O R M A T I O N
regarding safeguarding of the
financial instruments and funds
of Deltastock's clients
trading contracts for difference
on an OTC market

I. GENERAL PROVISIONS

1. This Information regarding safeguarding of the financial instruments and funds of Deltastock's clients trading contracts for difference on an OTC market (hereinafter referred to as "the Information") has been developed on the basis and in accordance with the provisions of Art. 63 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), Art. 92 - 95 from the Markets in Financial Instruments Act (MiFIA), Ordinance N° 58 of 28 February 2018 with regard to 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), as well as in accordance with the provisions in 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 particularly to Art. 16, Para. 8 - 11.
2. The Information is prepared in accordance with the nature, scale and complexity of the business activities performed by Deltastock.
3. The Information is applicable to the Agreement for Trading in CFDs between Deltastock and its clients, which regulate trading contracts for difference (CFD), which is carried out on an Over-the-Counter, or OTC market.
4. Deltastock does not offer its clients trading in financial instruments other than CFDs, on a market other than the OTC market.
5. Deltastock offers its clients the following types of CFD:
 - a) CFD on Securities and Exchange Traded Fund;
 - b) CFD on Indices;
 - c) CFD on Futures;
 - d) CFD on Currency Pairs and Precious metals;
 - e) CFD on other Assets.
6. The key features of the CFD, offered by Deltastock, are the following:

- a) Deltastock is both product manufacturer and distributor of the CFD, offered for trading by the Deltastock;
- b) CFD, offered for trading by Deltastock, is not a transferrable security and it is not held in a depository institution, therefore the investment intermediary holds the financial instruments in analytical accounts;
- c) neither of the parties acquire physically the CFD itself, nor the underlying assets on which the CFD is based;
- d) neither party is obliged to purchase or sell, deliver or receive in stock the respective asset underlying to the CFD;
- e) the rights and obligations of each of the parties to the CFD are solely to make or receive payments according to the order submitted, with the results of the order execution being reflected, respectively, in their positions in assets and/or cash funds;
- f) CFD transactions are not subject to centralised clearing.

II. GENERAL REQUIREMENTS ON THE SAFEGUARDING OF FINANCIAL INSTRUMENTS AND FUNDS OF CLIENTS

- 7. 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.
- 8. Deltastock segregates its financial instruments and funds from those of its clients.
- 9. Deltastock maintains accountability and keeps accounts of the financial instruments and funds of its clients, which:
 - a) ensure that at any time the investment intermediary can segregate clients' assets among the different clients and its own assets;
 - b) ensures the accuracy, and in particular their correspondence to the financial instruments and funds held for clients;
 - c) can be used for documentary traceability (audit trail).
- 10. 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.

11. Deltastock cannot and does not use the financial instruments (CFD) of its clients on own account, for the account of its other client or for the account of any other person.
12. Deltastock cannot and does not use the funds of its clients on own account, except with the explicit consent of the client.
13. When Deltastock has the right to set-off, take collateral, as well as other actions (including liens) regarding the financial instruments and/or funds of the clients, the investment intermediary states in the Agreement for Trading in CFDs and/or General Terms of Business applicable to the Agreements for Trading in CFDs of Deltastock the whole applicable information in regard to the rights and actions concerning the clients' assets.
14. 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 covering obligations of Deltastock.
15. Void to the client is liens or rights of set-off over client funds, or other actions related to client financial instruments and funds, enabling a third party to dispose of client's financial instruments or funds in order to recover debts that do not relate to the client or provision of services to the client are not permitted except where this is required by applicable law in a third country jurisdiction in which the client financial instrument and/or funds are held.
16. Deltastock does not hold the financial instruments (CFD) of its clients in a third country or in a third-party different from itself, neither in a country different from Bulgaria.

The financial instruments of the client or potential client cannot be kept in an omnibus account of Deltastock or a third party.

17. Deltastock sets out in the Agreement for Trading in CFDs and/or General Terms of Business applicable to the Agreements for Trading in CFDs, whether it holds client funds in a third country jurisdiction, in accordance with the applicable legislation, and whether this country has the right to be granted liens or rights of set-off, as well as other related actions over client financial instruments and/or funds, enabling a third party to dispose of client's funds in order to cover debts that do not relate to the client or provision of services provided to the client.

If, Deltastock will hold client funds in such country, it provides all details, in relation to the rights and obligations concerning the client's assets, in the Agreement for Trading in CFDs with the client.

18. When Deltastock is informed about liens or set-off rights over client funds, or other related actions, enabling a third party to dispose of client's financial instruments or funds in order to recover liabilities that do not relate to the client or the services provided to him/her are not permitted except where this is required by the applicable law in a third country jurisdiction in which the client funds are held, then the investment intermediary informs the client on the durable medium, which the client has declared, or through the website by providing all details related to the right and obligations related to clients' assets.

Deltastock immediately records in the client's Agreement for Trading in CFDs and its own accounts, when liens or set-off rights made over the funds of the client, in order to ensure clarity over the status of the client's funds including in the event of insolvency;

19. Deltastock informs clients or potential clients through the durable medium, stated by him/her 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.
20. 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.
21. 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.
22. Deltastock will not conclude title transfer financial collateral arrangements with its clients (retail and professional clients and eligible counterparties) for the purpose of securing or covering present or future, actual or contingent or prospective obligations of the client.

23. 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.
24. Deltastock appoints an employee to fulfil its obligations in relation to the safeguarding of client financial instruments and funds

III. DEPOSITING CLIENTS FINANCIAL INSTRUMENT AND FUNDS

25. The financial instruments offered for trading by Deltastock are CFD, which by their nature are non-transferrable securities and are not held in a depository institution. Therefore, Deltastock holds the client financial instruments in analytical accounts kept for the respective client in Deltastock and does not deposit client financial instruments in a depository institution within the meaning of Art. 94, Para. 1 from MiFIA.
26. Deltastock does not keep the funds of its clients.
27. Deltastock deposits client funds in an account or accounts, identified separately from any accounts used to hold funds belonging to the investment intermediary, in any of the persons listed below.
28. Deltastock can deposit the client funds at in accounts opened in any of the following:
 - a) central bank;
 - b) credit institution authorised in accordance with the Law on Credit Institutions, respectively Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC;
 - c) a credit institution authorised in a third country;
 - d) a qualifying money market fund.
29. Deltastock does not deposit client funds in a qualifying money market fund.
30. 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.

31. Deltastock deposit client funds in the commercial bank (credit institutions) listed on its website (www.deltastock.com).
32. Deltastock exercise all due care and in the selection /periodic review of the credit institution, where it deposits the funds of its clients, and when setting contract arrangement takes into account the market reputation of the credit institution in order to ensure the protection of clients' rights, as well as any legal or regulatory requirements or market practices related to the holding of client funds, that could adversely affect clients' rights.
33. In connection to the actions or inactions of the persons, where clients funds are deposited, and the consequences for the client resulting from an insolvency of those persons, the responsibilities of these persons and of Deltastock are set out in the national legislation.
34. Deltastock reconciles its accounts and records with those in the commercial banks, at which the assets of the investment intermediary and its clients are being held, on a daily basis.

IV. STATEMENTS OF CLIENT FINANCIAL INSTRUMENTS AND FUNDS

36. Deltastock will send to each client, whose funds or financial instruments it holds a statement on a durable medium at least every quarter unless the content of this statement is reflected in other statements sent previously to the client.
36. Upon client request, Deltastock provides such statement more frequently at a commercial cost.
37. The statement of client assets includes the following information:
 - a) details of all the financial instruments or funds held by the investment intermediary for the client at the end of the period covered by the statement;
 - b) the extent to which any client financial instruments or client funds have been the subject of securities financing transactions;
 - c) the extent amount of any benefit that has accrued to the client by virtue of participation in any securities financing transactions, and the basis on which that benefit has accrued;

- d) a clear indication of the assets or funds which are subject to the rules of Directive 2014/65/EU (MiFID II) and its implementing measures and those that are not, such as those that are subject to title transfer collateral agreement;
 - e) a clear indication of which assets are affected by some peculiarities in their ownership status, for instance due to a security interest;
 - f) the market or estimated value, when the market value is not available, of the financial instruments included in the statement with a clear indication of the fact that the absence of a market price is likely to be indicative of a lack of liquidity. The evaluation of the estimated value shall be performed by the firm on a best effort basis.
38. In cases when the portfolio of a client includes the proceeds of one or more unsettled transactions, the information referred to in point 37, item “a” may be based either on the trade date or the settlement date, provided that the same basis is applied consistently to all such information in the statement.
39. The periodical statement of client assets will not be given when Deltastock provides its clients with access to an online system, equivalent to a durable medium, where the latest statements for client's financial instruments or funds can be easily accessed by the client and the investment intermediary has evidence that the client has accessed this statement at least once during the relevant quarter.

V. FINAL PROVISIONS

40. The Information is not a part of the Agreement for Trading in CFDs between the client and Deltastock nor is it applicable to the General Terms of Business applicable to the Agreements for Trading in CFDs of Deltastock, but an independent document. Deltastock provides the client with the Information, along with other documents which he/she must review before signing his/her agreement.
41. Review of the current Information is conducted at least one per years or whenever a significant change took place.
42. 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.
43. This document was adopted by the Management Board of Deltastock on a meeting held on 16.05.2018 and is in effect from the same date.



www.deltastock.com

e-mail: office@deltastock.com