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# Regulation, supervision and operative aspects of trading in financial instruments (incl. FOREX) in Bulgaria

May 2014

- Regulation and supervision of trading in financial instruments (incl. FOREX) in Bulgaria
- Introduction of the new European Market Infrastructure Regulation and its impact on the financial industry in Bulgaria
- FOREX trading and on-line trading platforms in Bulgaria
- ECN/STP vs Dealing Desk FOREX brokers
- Q & A



# Regulation and supervision of trading in financial instruments (incl. FOREX) The Bulgarian perspective



- ⊕ FSC – the Bulgarian non-banking regulatory authority
- ⊕ Major legislative acts
- ⊕ Major changes introduced through MiFID:
  - ➡ EU passport provision
  - ➡ stricter fit and proper requirements for managers and shareholders of investment firms and regulated markets
  - ➡ more complex best execution rule applied in a broader market environment
  - ➡ stricter capital adequacy rules and new organizational functions for investment firms



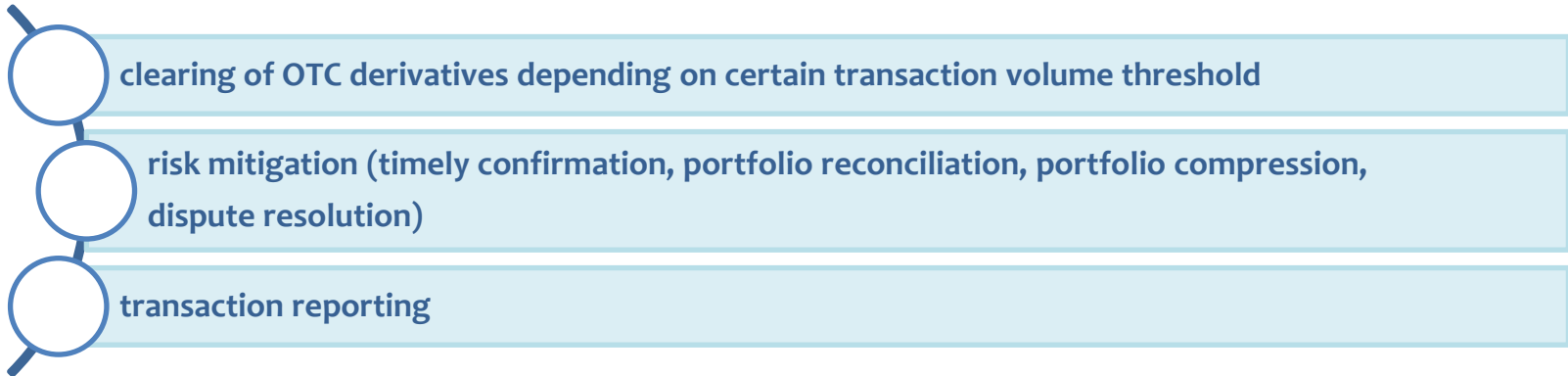
- ⊕ Challenges for the industry that accompanied the implementation of MiFID in Bulgaria:
  - increased amount of paperwork due to the additional reporting and approval requirements
  - greater regulatory burden in handling clients
  - difficulties in cross-border trading
  - investment firms face even greater regulatory and reporting burden following the introduction of EMIR



**A brief overview  
of the European Market Infrastructure  
Regulation (EMIR)**



- 🌐 Application of EMIR
- 🌐 EMIR imposes three main categories of obligation on the market participants:



- 🌐 EMIR – the Bulgarian experience



**FOREX trading  
and popular on-line FX trading platforms  
in Bulgaria**





- ⊕ Popular electronic trading platforms among Bulgarian FOREX brokers
  - ➡ MetaTrader (4 & 5) – EuroFinance and others
  - ➡ SaxoTrader
  - ➡ Trader Workstation
  - ➡ MarketMaker
- ⊕ Why MetaTrader platforms are preferred among FX brokers and traders in Bulgaria?

## MetaTrader 4 vs MetaTrader 5

### Comparative Table

- Immediate execution of orders and no re-quoting
- Depth of market (L2)
- Equity stock exchanges compatibility
- Supports EAs trading
- Technical indicators and charting objects
- Time frames on the charts
- Types of orders
- Mobile versions for iOS and Android
- Position management

### MT4

- ✓
- ✗
- ✗
- ✓
- 61
- 9
- 5
- ✓

- Multiple positions in a single instr

### MT5

- ✓
- ✓
- ✓
- ✓
- 82
- 21
- 7
- ✓

- One position in a single instr



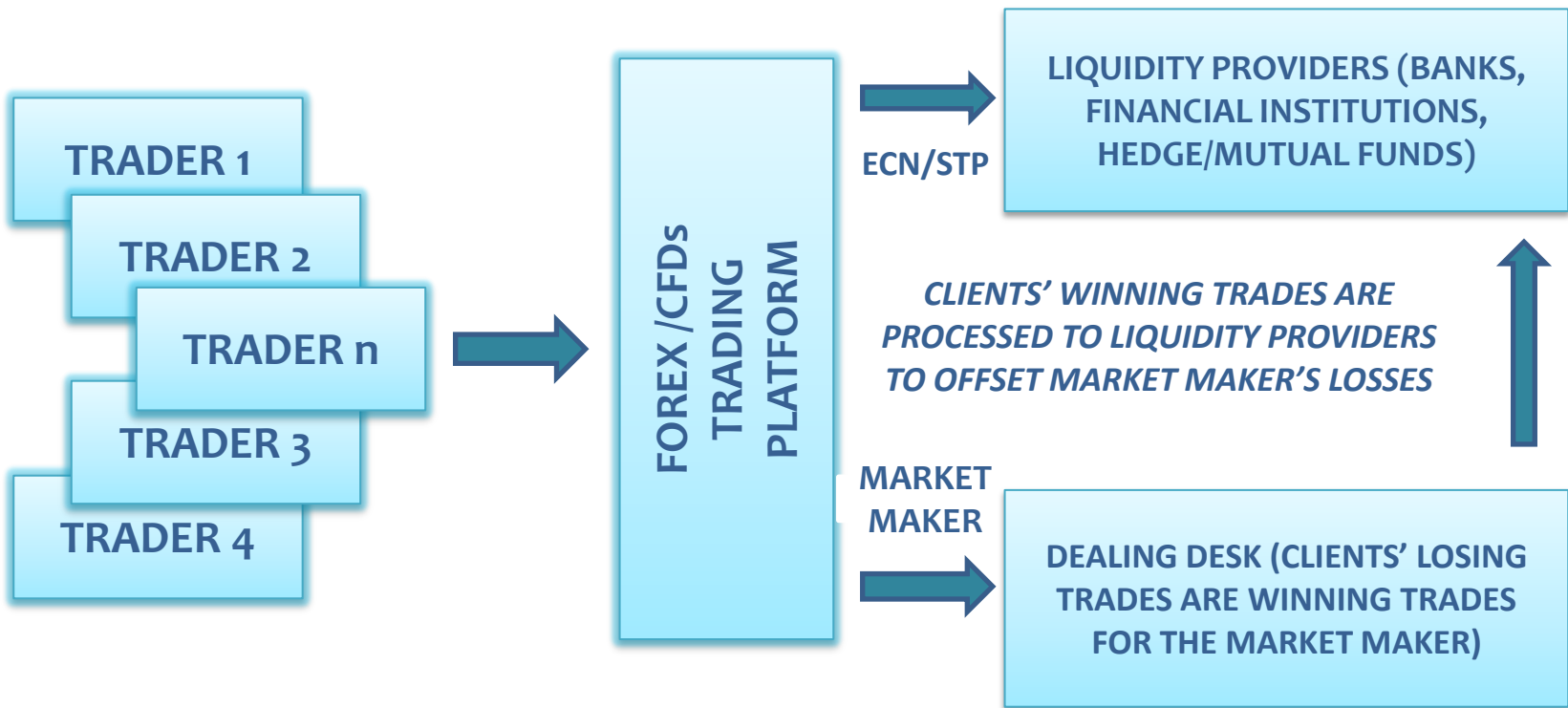
- 🌐 A brief comparison between EuroFinance's MetaTrader 5 platform and the other well-recognized on-line FX trading platforms in Bulgaria

	EF MT 5	SaxoTrader	TWS	MarketMaker
Real-time quotes	✓	Partial	Partial	Partial
Charts and charting tools	Superior	✓	✓	✓
Allows trading of micro lots	✓	✗	✗	✗
Allows Expert Advisors trading	✓	✗	✗	✗
Number of tradable instruments	Fewer	> 30,000	> 100,000	> 30,000
Tight spreads	✓	✓	✓	✓
No commissions	✓	Partial	✗	Partial



## **ECN/STP vs Dealing Desk FOREX brokers**

Figure 1. Dealing Desk vs No Dealing Desk FOREX Brokers



🌐 Comparative table. ECN/STP vs Dealing Desk FOREX brokers

FEATURES	ECN	STP	MarketMakers
Dealing desk	No	No	Yes
Risk management	No	No	Yes
Commission charges	Commission fees or spread mark-up	Usually apply spread mark-up	Usually, no
Order execution	Provides a sort of a marketplace where clients ranging from individuals to various liquidity providers can trade against each other.	Orders are automatically sent to the broker's liquidity provider/providers.	Becomes a counterparty to every trade.
Depth of market	Yes	No	No
Spreads	Variable	Fixed or variable	Fixed or variable
Re-quoting	No	No	Yes
Allows small accounts	No	Yes	Yes



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## Q & A

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