

# TREASURY BONDSPOT POLAND INDEX (TBSP.Index) RULES

## 1. General provisions

### § 1

The Company calculates and publishes value of the Treasury BondSpot Poland Index (TBSP.Index), hereinafter referred to as "Index", in accordance with the principles specified in these Rules.

### § 2

1. Any terms not defined in these Rules shall be interpreted in accordance with the Treasury BondSpot Poland Rules.
2. In these Rules:
  - 1) the Fixing Rules shall be understood as the Rules and Regulations for Treasury Securities Fixing determined by the National Bank of Poland in agreement with the Issuer of treasury securities,
  - 2) the Fixing Rates shall be understood as the fixing rates as defined in the Fixing Rules,
  - 3) the Fixing Session shall be understood as the session at which the Fixing Rates are set in accordance with the Fixing Rules
  - 4) the Adjustment Coefficient shall be understood as the adjustment coefficient based on which the value of the Index is recalculated, according to § 8-10, in case of changes in the Index portfolio and reinvestment of coupon payments,
  - 5) the TS shall be understood as zero-coupon and fixed rate Treasury securities denominated in PLN (Polish Zloty).

### § 3

The Index portfolio includes the TS for which the Fixing Rates are set.

### § 4

1. The Index value is calculated on the basis of the Fixing Rates.
2. The base date of the Index is last day of 2006 in which the Fixing Session was held (29 December 2006).
3. The Index value on the base date is 1,000.00 points.
4. The Index value is calculated with an accuracy to two decimal places.

## 2. Index value calculation rules

### § 5

1. The Index value is calculated twice during the Trading Day, whereby:
  - 1) the opening value of the Index is calculated on the basis of the Fixing Rates which are set at the first Fixing Session on a given Trading Day on the Market;
  - 2) the closing value of Index is calculated on the basis of the Fixing Rates which are set at the second Fixing Session on a given Trading Day on the Market.
2. The Index value is calculated according to the following formula:

$$I_t = \frac{M_t}{M_0 \cdot K_t} \cdot I_0$$

where:

$$M_t = \sum_{i=1}^I (P_i + O_i) \cdot N_i$$

where:

$I_t$  – current value of the Index;

$I_0$  – the Index value on base date;

$M_t$  – current capitalization of the Index portfolio;

$M_0$  – capitalization of the Index portfolio on base date;

$K_t$  – the Adjustment Coefficient;

$P_i$  – the TS clean price (the product of the Fixing Rate and the nominal value of the TS);

$O_i$  – value of the accrued interest on given day taking into account transaction settlement cycle;

$N_i$  – number of TS given series participating in the Index portfolio.

3. In case the Fixing Rate for a given series of TS participating in the Index portfolio at a given Fixing Session are not set, the last set Fixing Rate for that series of the TS shall be taken into account in calculation of the Index.
4. In case the Fixing Rate for a given series of TS participating in the Index portfolio has not been previously set, the reference price determined for a given Trading Day shall be taken into account in calculation of the Index.
5. The reference price is determined based on the last set price of transaction concluded on the Market for this TS series, or on a volume weighted average clean price determined for this series of TS from the last primary market auction if there were no concluded transactions in this TS series on the Market.

### **3. Index value publication rules**

#### **§ 6**

1. The Index value is published twice during the Trading Day, whereby:
  - 1) the opening value of the Index is published at 9:45 on given Trading Day on the Market;
  - 2) the closing value of the Index is published at 16:45 on given Trading Day on the Market.
2. If hour of the Fixing Session on given Trading Day is changed, value of the Index shall be published within 15 minutes after its completion.
3. The final opening and closing values of the Index are published after the end of Trading Day.

#### **§ 7**

1. The Company shall not publish:
  - 1) the opening value of the Index in case Fixing Rates were not set at the first Fixing Session for TS representing more than 25% of current capitalization of the Index portfolio, or
  - 2) the Index value in case of cancellation of the Fixing Session.
2. In specifically justified cases the Company may:
  - 1) postpone the publication of the Index value,
  - 2) cancel the publication of the Index value.

3. In case referred to in § 5 Sec. 3, the Company shall publish information that Fixing Rate for given TS series has not been set.
4. In the cases referred to in Sec. 1 and 2, the Company shall promptly publish information about concluded decision together with the related specific reasons.

#### **4. Change to the Index portfolio and current adjustment of the Index**

##### **§ 8**

1. The Company shall make periodic change to the Index portfolio.
2. The Company shall make periodic change to the Index portfolio once a month by:
  - 1) removing from Index portfolio the TS for which in the next calendar month begins 6-month period remaining until the maturity, or
  - 2) adding to the Index portfolio the TS for which setting the Fixing Rates has begun, in case change the list of TS subject to fixing, or
  - 3) changing the number of TS given series participating in the Index portfolio.
3. The changes referred to in Sec. 2, subject to § 9, are made at TS state on the third Trading Day prior to the beginning of the calendar month which they refer to. The Company shall publish such changes at least two Trading Days prior to the beginning of the calendar month which they refer to.
4. The changes referred to in Sec. 2, shall occur with the first Trading Day of a calendar month.
5. When the Index portfolio is changed the Company shall recalculate the Adjustment Coefficient at the same time.

##### **§ 9**

The Company shall make extraordinary changes to the Index portfolio which is related with the removal of a given series of TS from the list of TS subject to fixing, if this removal is done in the manner other than that resulting from the rules specified in § 8 Sec. 2 Item 1.

##### **§ 10**

The Company shall make current adjustment of the Index. The current adjustment of the Index results from the reinvestment of coupon payments and is made by recalculating the Adjustment Coefficient at the end of the Trading Day in which a given series of TS are listed with the right to coupon payments.

## § 11

In the cases referred to in § 8 - 10, the Adjustment Coefficient is recalculated according to the following formula:

$$K_t = \frac{M_t + Q_t - Z_t - O_t}{M_t} \cdot K'_t$$

where:

$K_t$  – new value of the Adjustment Coefficient;

$K'_t$  - previous value of the Adjustment Coefficient;

$M_t$  – current capitalization of the Index portfolio;

$Q_t$  – market value of TS added to the Index portfolio, calculated on the basis of the Fixing Rates including accrued interest;

$Z_t$  – market value of TS removed from the Index portfolio, calculated on the basis of the Fixing Rates including accrued interest;

$O_t$  – value of coupon payment.

## 5. Changes in the Index value calculating and publishing rules

### § 12

Amendments to these Rules with respect to calculating and publishing the Index value will be discussed with the Advisory Committee for Development of Treasury BondSpot Poland Market and will be published.

## 6. Liability of the Company

### § 13

The Company is not liable for any damages incurred as a result of applying the Index.