



## TREASURY BONDSPOT POLAND RULES

(Rules introduced based on the Resolution No. 124/04 of the Management Board of MTS-CeTO S.A. dated October 29, 2004, together with the approved changes)

**Only the Polish version of these documents is legally binding. This translation is provided for information only. Every effort has been made to ensure the accuracy of this publication. However, the BondSpot S.A. does not assume any responsibility for any errors or omissions.**

## SECTION I - GENERAL PROVISIONS

### Article 1 - Definitions

In these Market Rules, the following expressions have the following meanings:

“Application”	means the acceptance, whether whole or partial, of a Proposal, transmitted via the System and processed immediately by the System with the exception of the disposal referred to in § 24. 1a and in § 26;
“Benchmark Securities”	means the Traded Securities specified by the Minister of Finance especially those concerning fixed income Traded Securities with a maturity of no less than one year and a nominal value of no less than PLN 2 billion;
“Board”	means the Management Board of the Company;
“Clearing institution”	means, respectively, the National Depository for Securities ( <i>Krajowy Depozyt Papierów Wartościowych S.A - KDPW</i> ), in which transactions in Treasury bonds are settled, or the National Bank of Poland leading the Registry of Securities ( <i>Rejestr Papierów Wartościowych – RPW</i> ), in which transactions in Treasury bills are settled;
“Company”	means BondSpot S.A.;
“Custodian”	means an entity by which the Participant settles its transactions in the Clearing Institution;
Institutional Investor	means the Participant entitled to conclude the transactions on the Market in accordance with article 10.3;
“Issuer”	means the Minister of Finance;
“Issuer Agent”	means the Participant indicated by the Issuer authorized to conclude the contracts on the Market on rules specified by the Company in consultation with the Issuer;
“Liquid Securities”	means the Traded Securities having a significant market share in the Market indicated by the Company, excluding the Benchmark Securities;
“Live Data”	means information relating to Traded Securities in respect of which not more than 600 seconds have elapsed from the time;
“Market”	means an electronic market for state treasury securities, run by the Company under the name of Treasury BondSpot Poland, on which Securities are traded, pursuant to an agreement entered into between the Company and the Issuer;
“Market Committee”	means the institution mentioned in Article 35 of these Market Rules;
“Market Maker”	means a Participant entitled to conclude the transactions on the Market in accordance with article 10.2;
Market Rules	means these rules and other regulations resulting from these rules (with the annexes), related to the organization and operation of the Market, and any changes to the rules or annexes;
“Market Taker”	means a Participant entitled conclude the transactions on the Market in accordance with article 10.1;
“Member State”	means a Member State of the European Union;
“Participant”	means entity admitted to trading on the Market;

“Price”	means the value representing the percentage of the nominal amount of the Traded Security payable in respect of sale of Treasury bonds, excluding accrued interest, and in case of Treasury bills means the annual rate of yield to maturity expressed as a percentage;
“Proposal”	means the double-side Proposal and one-side Proposal;
“double-side Proposal”	means the simultaneous offer to buy and sell for given Traded Securities, with specification of the quantity and the price quoted and the type of Traded Security that it intends to trade
“one-side Proposal”	means the offer to buy or sell, with specification of the quantity and the price quoted and the type of Traded Security that it intends to trade;
“Regular Securities”	means any Traded Security, which is neither a Benchmark Security nor a Liquid Security, in relation to which quoting is not compulsory;
“RUR”	means the market Participants Committee, referred to in the Regulations on fulfilling the function of the Treasury Securities Dealer;
“Spread”	means the difference between the buy price and sale price in double-side Proposal;
“Supervisory Board”	means the Supervisory Board of the Company;
“System”	means an the screen-based system organized and administered by the Company, for trading of certain Traded Securities;
“Terminal”	means a technical device used to make Proposals and Applications, enter into transactions, display Live Data regarding Proposals, executed transactions, and other information connected with trading;
“Traded Securities”	means state treasury securities, issued by Minister of Finance, offered on the primary market on auctions organized by the National Bank of Poland on behalf of the Issuer, and foreign currency denominated treasury securities, as well as other treasury securities specified by the Issuer; classified according to their maturity, as specified in Annex A;
“Trading Hours”	means the hours of the Trading Day during which Traded Securities may be traded on the System as determined in Annex E.

## Article 2 – Market Rules

1. The object of the Market Rules is to regulate in detail the organization and operation of the Market.
2. The Market Rules and Annexes to it are made and may be amended or replaced by the Board and approved by the Supervisory Board, provided that they are forwarded by the Issuer with a favourable opinion., except for the Annexes A, E, G, I, M, N and ~~NS~~ which are made and may be amended without approval of the Supervisory Board.
3. Participants are required to accept the terms and conditions of the Market Rules and act accordingly.
4. Any amendment to the Market Rules will be made available to the Participants normally at least 30 Trading Days prior to the amendment taking effect by electronic notification.
5. The Company may shorten the term indicated in section 4 above if any of the Participants doesn't disagree with such shortage prior to it within the deadline set out and communicated

by the Company from time to time, made available such information to the Participants by electronic notification.

6. The Board or the employee of the company authorized by the Board shall take all decisions taken by the Company pursuant to these Market Rules unless specifically delegated under the conditions established in the by-laws of the Company.
7. All legal relations arising from the Rules shall be governed by and construed in all respects in accordance with the laws of Poland.

## **SECTION II - ADMISSION AND RESIGNATION**

### **Article 3 - General conditions for admission**

1. European Union institutions and Non-European Union institutions, authorized to perform the service envisaged in Section A of Appendix I to Directive 2004/39/WE of the European Parliament and the Council of April 21, 2004, under the supervision of the supervisory authorities, may be admitted to trading on the Market, as Market Makers or Market Takers.
2. An entities specified in Section I of Annex II of the Directive 2004/39/WE may be admitted to trading on the Market as Institutional Investors.
3. To be admitted to trading, the institutions referred to in paragraph 1 and 2 must:
  - a. have suitable links with the Clearing Institution for the settlement of trades on the Market;
  - b. have an adequate organization that permits correct operation in the System and the performance of the contract execution obligations.
4. The Company, using non-discriminatory standards, shall reject the application for admission, supplying the reasons for rejection, when its acceptance could jeopardize the proper functioning of the Market. The Participant may start concluding transactions on the Market from the moment the Company communicates its admission, provided that the technical requirements, set forth in the procedures of the functioning of the System, have been fulfilled.

### **Article 4 - Additional conditions for admission for Market Takers**

In addition to the conditions in Article 3, an institution that wishes to be admitted to trading on the Market as a Market Taker must: have a net worth, as calculated by its respective regulatory instructions for supervisory purposes, of at least Euro 30 million or the equivalent or have in place guarantees to the satisfaction of the Board in an amount of not less than such sum.

### **Article 5 - Additional conditions for admission for Market Makers**

In addition to the conditions in Article 3, an institution that wishes to be admitted to trading on the Market as a Market Maker must: have a net worth, as calculated by its respective regulatory instructions for supervisory purposes, of at least Euro 50 million or the equivalent, calculated according to proper regulations, or have in place guarantees to the satisfaction of the Board in an amount of not less than such sum.

### **Article 6 - Additional conditions for admission for Institutional Investors**

Notwithstanding the conditions stipulated in Article 3, entities applying for admission to trading on the Market as Institutional Investors other than those listed in Section I.1 points a), d), e) and f) of Annex II to the Directive 2004/39/WE must fulfil at least two from following conditions, as calculated by its respective regulatory instructions for supervisory purposes:

- a. their balance sheet total has to be of at least 20 million EUR;
- b. annual net turnover has to be of at least 40 million EUR;

- c. the own funds (net worth) has to be of at least 2 million EUR.

#### **Article 7 - Admission procedures for Market Takers**

1. The institutions referred to in Article 3.1 that wish to be admitted to trading on the Market as a Market Takers must submit to the Company a written application form, according to the respective model set out by the Management Board, signed by a legal representative of such institution.
2. The Management Board shall indicate the documentation that must be attached to the application referred to in paragraph 1. In any case the applicant must submit a document demonstrating its capacity for the settlement of trades on the Market.
3. The Company shall consider the application for admission and shall rule, ordinarily, within 14 days of the date on which it receives the application in conformity with requirements referred to in paragraphs 1 and 2.
4. Together with the acceptance of the application for admission to trading on the Market, the Board shall fix the date on which the institution admitted may begin trading on the Market providing that such institution fulfils conditions set forth in Articles 3 and 4; such date should be fixed not earlier than 7 days and not later than 20 days after the date of the Board's resolution on admission, unless the Company in consultation with the applicant shall specify another date for commencement of trading on the Market.

#### **Article 8 - Admission procedures for Market Makers**

1. The institutions referred to in Article 3.1, that wish to be admitted to trading on the Market as a Market Maker must submit to the Company a written application form, according to the respective model set out by the Management Board, signed by such institution's legal representative.
2. The Management Board shall indicate the documentation that must be attached to the application referred to in paragraph 1. In any case the applicant must submit a document demonstrating its capacity for the settlement of trades on the Market.
3. The Company shall consider the application for admission and shall rule, ordinarily, within 14 days of the date on which it receives the application in conformity with - requirements referred to in paragraphs 1 and 2.
4. Together with the acceptance of the application for admission to trading on the Market, the Board shall fix the date on which the institution admitted may begin trading on the Market, providing that such institution fulfils conditions set forth in Articles 3 and 5; such date should be fixed not earlier than 7 days and not later than 20 days after the date of the Board's resolution on admission, unless the Company in consultation with the applicant shall specify another date for commencement of trading on the Market.

#### **Article 9 - Admission procedures for Institutional Investors**

1. An entities, that wish to be admitted to trading on the Market as an Institutional Investor must submit to the Company a written application form, according to the respective model set out by the Management Board, signed by such Investors' legal representative.
2. The Management Board shall indicate the documentation that must be attached to the application referred to in paragraph 1. In any case the applicant must submit a document demonstrating its capacity for the settlement of trades on the Market.
3. The Company shall consider the application for admission and shall rule, ordinarily, within 14 days of the date on which it receives the application in conformity with - requirements referred to in paragraphs 1 and 2.

4. Together with the acceptance of the application for admission to trading on the Market, the Board shall fix the date on which the institution admitted may begin trading on the Market, providing that such institution fulfils conditions set forth in Articles 3.5; such date should be fixed not earlier than 7 days and not later than 20 days after the date of the Board's resolution on admission, unless the Company in consultation with the applicant shall specify another date for commencement of trading on the Market.

#### **Article 10 - Scope of authorization to act on the Market**

1. Market Taker shall be entitled to conclude the transactions:
  - 1) on the Cash Market by introducing via the System the Applications and the disposal referred to in article 24. 1a;
  - 2) on the Repo Market by introducing via the System disposal referred to in article 26.
2. Market Maker shall be entitled to conclude the transactions:
  - 1) on the Cash Market by introducing via the System the Proposals, the Applications Instruction and the disposal referred to in article 24. 1a;
  - 2) on the Repo Market by introducing via the System disposal referred to in article 26,
  - 3) in the Institutional Segment by introducing via the System the Proposals and the Applications on the terms set out in Annex K, and the disposal referred to in article 24. 1a.
3. Institutional investor may be admitted to trading only on the Repo Market or in the Institutional Segment. In the case of admission:
  - 1) to the Repo Market the Institutional Investor is entitled to conclude the transaction by introducing via System the disposal referred to in article 26,
  - 2) in the Institutional Segment the Institutional Investor is entitled to conclude the transaction by introducing via System the Proposals and the disposal referred to in article 24. 1a.

#### **Article- 11 - Resignation of Participants**

1. Any Participant may resign from membership in the Market on giving not less than 3 months notice in writing to the Company.
2. A Market Maker that resigns from such status in the Market will automatically become a Market Taker on the respective segment, provided that such a party complies with conditions set forth in Articles 3 and 4.

### **SECTION III - UNDERTAKINGS OF PARTICIPANTS**

#### **Article 12 - Undertakings of Participants**

Each Participant shall undertake to the Company:

- a. to notify the Company, without delay, of any interruption in trading due to a breakdown in the computer connection;
- b. to comply with the Market Rules, including the best market practices specified in Annex S hereto;
- c. to act with due diligence and honesty;
- d. to respect and comply with the established operating procedures for the System;
- e. to refrain from any act that may jeopardize the proper functioning of the System or trading on it;
- f. not to enter into trades other than for proper trading purposes;
- g. to be responsible for the acts and omissions of its employees and agents and ensure those assigned to its trading activities on the Market are competent and appropriately trained;
- h. not to disclose Live Data, save as may be required by a regulatory body or court having jurisdiction over the Participant;

- i. to pay not later than the due date all fees payable to the Company in the amount and on the terms specified in Annex P; j. to deal with the Company in an open and co-operative manner for ensuring fairness of the Market;
- k. to have and maintain in its home State all necessary regulatory authorizations, approvals and consents for trading on the Market;
- l. to notify the Company, without delay, of any material change to the information supplied in its application to the Company for admission to the Market;
- m. notwithstanding suspension, exclusion or resignation, to comply with any requirements of the Board with regard to the execution of any outstanding contract entered into by it on the Market;
- n. to safeguard passwords etc. and not to allow unauthorized access to the System;
- o. to show, in principle, the willingness to conclude contracts with each institution that is or will be admitted as Participant;
- p. to respect and accept the outcome of those checks referred to in Article 34 of the Market Rules.

#### **Article 13 - Additional undertakings of Market Takers**

In addition to the undertakings referred to in Article 12, each Market Taker shall undertake to the Company:

- a. to ensure continuing fulfilment of the conditions referred to in Articles 3 and 4;
- b. to demonstrate of any data, information or documents useful to confirm that the Market Taker fulfils the conditions referred to in Articles 3 and 4. including certifications from auditing companies, at the request of the Company
- c. to notify the Company immediately in case of breach of any of the conditions referred to in paragraphs a above and Article 12.

#### **Article 14 - Additional undertakings of Market Makers**

1. In addition to the undertakings referred to in Article 12, each Market Maker shall undertake to the Company:
  - a. to ensure continuing fulfilment of the conditions referred to in Articles 3 and 5;
  - b. to make double-side Proposals on the Market in relation to all Benchmark Securities and to each of the Liquid Securities assigned temporarily to it, as well as complying with requirements stipulated in Annex G, provided that this obligation shall not apply to Market Maker in the performance of his duties as Issuer Agent;
  - c. to demonstrate of any data, information or documents useful to confirm that the Market Maker fulfils the conditions referred to in Articles 3 and 5. including certifications from auditing companies, at the request of the Company;
  - d. to notify the Company immediately in case of breach of any of the conditions referred to in paragraphs a and b above and Article 12.
2. The Board may at its discretion, on the application of a Market Maker, agree to a temporary suspension of the undertaking in 1.b above.

#### **Article 15 - Additional undertakings of Institutional Investors**

In addition to the undertakings referred to in Article 12, each Institutional Investor shall undertake to the Company:

- a. to ensure continuing fulfilment of the conditions referred to in Articles 3 and Article 6;
- b. to demonstrate of any data, information or documents useful to confirm that the Institutional Investor fulfils the conditions referred to in Articles 3 and 6. including certifications from auditing companies, at the request of the Company;
- c. to notify the Company immediately in case of breach of any of the conditions referred to in paragraphs a above and Article 12.

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## **SECTION IV - TRADING**

### **Article 16 – General system operations**

1. The Company shall adopt all acts necessary for the proper functioning of the Market.
2. The Company shall make available to Participants all information on functioning of the System and technical requirements that must be fulfilled in order to use the System.
3. The Company shall make immediately available to Participants information about any of the Company's actions that affect the operation of the System.
4. The Company may adopt trading and settlement practices in order to provide proper operation of the Market.

### **Article 17 – Trading Hours and Days, Suspension and- Deferment of Market Operations**

1. Market trading takes place on the sessions on Trading Days, set forth in Annex F and -during Trading Hours, set forth in Annex E.
2. In the events where trading safety is threatened, the Company may delay, suspend or withhold the trading in respect of the entire Market, its part or in relation to singular types or categories of financial instruments. The Company shall immediately inform the Issuer, the National Bank of Poland, the Clearing Institution, and the Participants that the trading has been suspended.
3. In justified events, the Company may change Trading Hours or cancel trading, giving an immediate notice thereof to the entities, set forth in paragraph 2.

### **Article 18 – -Traded Securities**

1. All Traded Securities shall be selected for trading, unless the Board decides otherwise.
2. The minimum trading quantities for each Traded Security shall be determined in Annex C.
3. Traded Securities which are in the process of being issued and for which the Issuer has made an official auction announcement may be traded on the Market on an as-if-and-when-issued basis from the day following the auction announcement until the day before the first settlement date, subject to prior consent of the Board. The rules that will apply to the trading of those Securities are defined by the Board.

### **Article 19 – Suspension and de-selection of Traded Securities**

1. The Board may suspend a Traded Security with immediate effect if, in its opinion, in relation to that Traded Security, normal market conditions have ceased to apply. The suspension may also be decided by the Board after a specific reasonable request for suspension has been made by a Participant.
2. The Board may lift a suspension of a Traded Security if, in its opinion, the cause of the suspension no longer applies.
3. It is agreed that the last day of trading in Traded Security on the Market is, in case of:
  - a. treasury bonds – two business days prior to the settlement date (as defined in par. 79.2.1/ of the National Depository for Securities Rules) of the buyback transactions;
  - b. treasury bills - the fourth business day preceding the buyback date.

4. The Board shall review the list of Traded Securities every 6 months. In the event that, for at least 6 months, individual Traded Securities are suspended from trading or there are no transactions on them, the Board may withdraw such Traded Securities from trading.

#### **Article 20 – Assignment of Liquid Securities to Market Makers**

1. The Board, in consultation with RUR, shall determine the list of Liquid Securities.
2. The Board shall, on the basis of the criteria in Annex L, assign the Liquid Securities among the Market Makers and may, from time to time, change the assignment, but not more frequently than on a monthly basis.
3. The Board shall notify each Market Maker as to the Liquid Securities assigned to it no later than five Trading Days prior to the obligation to make Proposals in relation to such Liquid Securities by electronic notification. Market Makers shall not be entitled to require information as to which Liquid Securities have been assigned to other Market Makers.
4. A Market Maker shall be entitled to make Proposals in relation to any Traded Securities on the System that has not been assigned to it.
5. The Company shall give not less than 5 Trading Day notice to Market Makers of additional Liquid Securities and the allocation thereof.

#### **Article 21 - Proposals**

1. Proposals may be submitted on the Market only by Market Maker.
2. Proposals should adequately meet the conditions resulting from Annex C or Annex G.
3. A valid Proposal may be changed, suspend and in the case of one-side Proposal removed by Market Maker at any time.
4. A Market Maker may enter into the System to both buy and sell Proposals for all Traded Securities assigned to it, on the Market prior to the start of the Trading Hours, in such term as defined in Annex E, but such Proposals will not be displayed to other Participants until the start of the Trading Hours.
5. Maximum spread shall be set by the Company in accordance with the Issuer, after consultation with RUR.

### **SECTION V - CONTRACTS**

#### **Article 22 (deleted)**

#### **Article 23 – Types of Contracts**

Cash Market transactions and conditional (repo) transactions: classic repos and buy/sell back can be executed on the Market.

#### **Article 24 – Conclusion of transactions on Cash Market**

1. Contracts are concluded by the matching, according to procedures laid down by the Company in Article 25, of a Proposal and an Application or of two Proposals. The contract shall be

deemed to be concluded at the time when the System displays on the screen the matching of a Proposal and an Application or of two Proposals, except for paragraph 1a.

- 1a. Transactions can be also executed through non-anonymous RFQ orders made by Participants via the System. Article 26 paragraph 2 and rules for confirmation of transaction execution stipulated based on Article 26 paragraph 3 are appropriately applicable to RFQ orders.
2. A Proposal that has received a partial Application shall be considered an effective Proposal for the residual portion, retaining the time priority originally assigned to it, in conformity with the rules established by Article 25.
3. All transactions of Traded Securities which are in the process of being issued, and which have been executed between the official auction announcement and the auction settlement day, will be settled on the auction settlement day.

#### **Article 25 – Procedures for the conclusion of transactions on Cash Market**

1. Applications are made by indicating the quantity and the "exclusion price". The "exclusion price" indicates the price up to which the best conditions exist for the Participant which sends the Application and hence the price up to which it is willing to execute the contract. The Application is carried out automatically up to the "exclusion price" (included).
2. With the limit of the "exclusion price" standing firm, the matching of a Proposal with an Application which results in the conclusion of a contract, occurs, until the desired nominal value is reached, according to the following criteria:
  - a) firstly the "Best Price" of the moment is applied;
  - b) should there be more Proposals for the "Best Price" of the moment, then the matching occurs according to when the proposals were inserted, starting from the least recent to the most recent;
  - c) if applying the above mentioned criteria the entire quantity of the application is not fulfilled, then the closest price to the "Best Price" is applied. Provisions referred to in Item a) and b) shall be applied accordingly.
3. The provisions contained in the preceding paragraph are also to be applied for the conclusion of contracts by the matching of two Proposals.
4. It is at the Market Makers' discretion whether or not to accept Applications that are less than minimum trading quantity set for applicable type of Traded Security, as specified in Annex C.

#### **Article 26 – Conditional (repo) transactions**

1. The conditional (repo) transactions – classic repos and buy/sell back may be concluded on the Market through on the anonymous or the non-anonymous orders made by Participants via the System.
2. The conclusion of transaction, set forth in paragraph 1 is made by the Participants' manual acceptance of the whole or partial order and its manual confirmation by the other party of the contract.
3. Detailed rules of the concluding the conditional (repo) transactions are specified in Annex R.

#### **Article 27– Procedures for the registration of contracts**

1. All transactions are immediately registered and confirmed to the Participants in an electronic form. For each separate contract the following information in particular shall be recorded:
  - a. identification number;
  - b. code of the Traded Securities;
  - c. type of contract;
  - d. price;

- e. volume of contracts;
  - f. time of concluding the contact;
  - g. settlement date;
  - h. contracting parties.
2. In the event that a Participant is unable to verify via the Terminal the contracts it executed on the System, the procedure set out in Annex N shall be applied.

#### **Article 28 – Execution of contracts**

1. In accordance with the procedures set by those Clearing Institution, the execution contracts shall take place according to the rules set out in Annex I.
2. Participants that settle transactions by Custodians shall authorize the Company to send on their behalf settlement messages directly to the Custodians, and to receive from the Custodians information on the course of settlements.
3. Participants shall authorize the Company to transmit settlement instructions on their behalf to the Clearing Institution and to receive lists of the contracts which have not been executed or contracts which have been cancelled either via the System or by other means.
4. Settlement messages shall be issued and sent by the Company on behalf of a given Participant directly to the Custodians.
5. Participants referred to in paragraph 2 authorize the Company to:
  - 1) provide, in a normal course, the Custodian with information concerning their activeness on the market, including information about offers and orders they placed, and transactions executed based on the offers and orders.
  - 2) suspend them from market activity at the Custodian's request.
6. Any reference in this Rules to "settlement of transactions" shall mean also the clearing the transactions.

#### **Article 29 – Cancellation of Transactions**

The cancellation of transactions shall be carried out by the Company according to the procedure described in Annex O. The provisions of Article 28 paragraph 5 shall apply accordingly.

#### **Article 30 – Law governing contracts**

All contracts concluded on the Market shall be governed by the laws of Poland and by the present Market Rules.

## SECTION VI - PROVISION OF INFORMATION

### Article 30a – General provisions

1. Any reference in this Rules to “make information public” shall mean promulgation this information on the Market website.
2. Any reference in this Rules to “make available information to Participant or Participants” shall mean make this information available by indicated by the company proper communication channel, unless the Rules states otherwise.

### Article 31 – Make available information to Participants

1. The Company shall make available to Participants such information as it deems necessary for the correct performance of trading activities and for the execution of the contracts concluded on the Market.
2. For each Traded Security traded on the Market, the Company shall make available to each Participant admitted to the respective Segment, in real time via the System, the following information on the current day's operations:
  - a. price and quantity of the best buy and sell Proposals;
  - b. price, quantity, and time of the most recently concluded contracts;
  - c. low, high, and volume weighted average price, plus volume exchanged of the contracts concluded during a period of System operation, not longer than two hours;
  - d. for each Participant, the itemized list of all the contracts it has concluded.
3. For each Traded Security traded on the Market, the Company shall make available to each Market Maker, in real time via the System, the following information on the current day's operations:
  - a. all the Proposals such Market Maker has input on the System, with price and quantity;
  - b. the current status of all the Proposals such Market Maker has entered.
4. The Company shall make available to each Participant, the following tables:
  - a. via the System a daily updated complete table of the identification codes of each Traded Security, including the settlement date for concluded contracts;
  - b. a table with all identification codes of all Participants that signed settlement agreements, including information which Participants are indirect members of clearing and settlement institutions and which Participants are direct members of clearing and settlement institutions.
5. At the end of each Trading Day the Company shall make public a list, drafted in accordance with Annex M, that reports, for each Traded Security traded on the Market, at least the day's low, high, and weighted average price and total volume exchanged, calculated with reference to the contracts concluded in the entire day. The Company may specify the cases in which, for the purposes of calculation, the proposals and transactions considered anomalous are not taken into account.
6. During every Trading Day, fixing prices of Securities are set. Time and rules of fixing prices' setting, as well as the manner of their publication, are set forth in Rules of State Treasury Securities Fixing, published by the National Bank of Poland, in accordance with the Issuer.

7. The Company publishes information concerning prices in Proposals and Applications and transactions concluded on the Market, in informational services, in the form of statistical comparisons and current data.
6. Registration data of each Participant shall be available for other Participants. The Company makes public information about admission to trading on the Market any new Participants and make available its registration data to the others Participants with a prior 7 days.
7. The Company may provide periodic statistical report presenting the activeness of the individual Participants on the Market.

#### **Article 32 – Publication of the Lists of Securities**

The Company makes public and makes available to Participants via System lists of Securities that are traded on the Market, with indication of Benchmark Securities, Liquid Securities, Regular Securities and Securities eligible for the fixing procedure.

#### **Article 33 – Supply of Supervision Information**

1. The Company may deliver data concerning Participants and transactions concluded by them to institutions that supervise proper operation of the Market.
2. The Company may deliver data concerning Participants and transactions concluded by them to institutions that administer the System, as necessary for its proper functioning; in this case, the Company will ensure that such institutions will keep such information confidential.
3. The Company delivers data and information concerning concluded transactions and Participants' activity on the Market to the Issuer.

### **SECTION VII - SUPERVISION OF THE MARKET**

#### **Article 34 – Control of the regular course of trading**

1. The Company supervises and is entitled to control Participants on their activity on the Market during Trading Hours and compliance of such activity with the Market Rules.
2. In respect to the control specified in paragraph 1 the Company may collect, work out and provide information regarding the Participants and contracts concluded by them, according to Market Rules, in order to satisfy the Market safety.

#### **Article 35 – Market Committee**

1. The Market Committee is appointed by RUR for a one year renewable term of office. RUR shall establish the Market Rules for the Market Committee wherein the operating rules of the Market Committee shall be described, including composition, selection and election of candidates. RUR shall in any case ensure that the Market Committee's members are selected from independent individuals possessing expertise and experience regarding the functioning of financial instrument markets. The Board shall provide the Market Committee with all information and assistance necessary to correctly perform its obligations.
2. The Market Committee shall make decisions by a majority of the votes cast by its members. A Market Committee member ~~holding an administrative, management or supervision position with respect to acting as~~ a representative of the Participant, or linked with ~~athe~~ Participant ~~in connection with any advisory activities~~, shall not be involved when decisions are made or matters are considered with reference to the conduct of a given Participant and therefore the member is required not to participate in such matters.
3. Tasks of the Committee Market shall include in particular:
  - 1) taking decisions with respect to imposing procedural penalties pursuant to Article 36,

- ~~2) issuing opinions on events referred to in Article 36.5,~~
- ~~3) working together with the Company within the scope defined in Sec. 7 of Annex G,~~
- ~~4) taking actions referred to in Sec. 9 of Annex K,~~
- ~~5) preparing a catalogue of incidents or criteria for estimation of incidents referred to in Sec. 1.7 of Annex O.~~

~~4. The Market Committee may, on its own initiative, perform all necessary activities shall be informed by the Board of the level of compliance of the Market Makers with the obligations referred to in Article 14.1 (b) hereof.~~

#### **Article 36 – Procedural penalties clause**

- ~~1. In the event of breach or suspected breach of these Market Rules by the Participant, the Board shall carry out an investigation in order to settle establish the facts of case as well as the scope and circumstances of the breach of the Market Rules, if any matter relating to the breaches or may, and it shall be entitled to request the Board to conduct the necessary explanatory procedures pursuant to Art. 36.5. Participant to cease the breach or to provide explanations within an appropriate time limit, subject to Sec. 2.~~
- ~~4. The Board shall be required to inform the Market Committee about all breaches of the Market Rules, in particular regarding Participants' obligations, except for Sec. 5.~~
- ~~5. The Management Board shall be required to inform the Market Committee, if the calculated by the Company rate of obligations compliance referred to in § 14 Sec. 1 Point b) of the Market Rules shall not equal to 75 % per month.~~

#### **Article 36 – Penalties**

- ~~1. In the event that any of the Participants breach the provisions of the Market Rules, the~~
- ~~2. In the event that the Participant commits a gross breach of the Market Rules or a breach which might disrupt proper operation of the System, the Board shall be entitled to suspend the Participant forthwith, however, for a maximum period of 20 Trading Days. The Board shall immediately inform the Participant of suspension and reasons therefor.~~
- ~~3. The time limit referred to in section 1 shall be 14 days at minimum as from the date when the Participant receives the Board's request, unless the risk to the safety of trading on the Market due to the Participant's actions is so high that it should be eliminated without delay.~~
- ~~4. Following the investigation, the Board shall refer the case to be resolved by the Market Committee, subject to Sec. 5. When referring the case to the Market Committee may impose penalties provided for herein in paragraph 3 below., the Board shall not disclose the identification data of the Participant involved.~~
- ~~5. If there are any doubts as to whether the Participant's conduct can be considered a breach of the Market Rules, including in particular the best market practices, the Board shall be entitled to request the Market Committee to issue an opinion on whether the incident should be considered a breach of the Market Rules. When submitting the request to the Market Committee, the Board shall not disclose the identification data of the Participant involved.~~
- ~~6. The Market Committee shall impose penalties on a be entitled to request the Board to carry out an additional investigation and specify the scope thereof.~~
- ~~7. In the event that the Market Committee determines the Participant to have committed a breach of the Market Rules, the Market Committee shall be entitled to impose on the Participant one of the procedural penalties referred to in Sec. 8 or otherwise to discontinue the proceedings. When imposing the penalty, the Market Committee shall use non-discriminatory basis, taking discrimination criteria and take into account the gravity and consequences of such the breach, and as well as whether actions the relevant Participant's action or emissions giving rise to a breach by the Participant were omission was intentional. The Board shall notify the Participant of a detected breach or non-intentional.~~

- ~~2. If a breach by the Participant of the Market Rules may result in a disruption in the correct functioning of the System, or if a gross breach is committed by the Participant or if such Participant is declared bankrupt, the Board may decide to immediately suspend such Participant, however for no more than 20 Trading Days. In the event that such decision is made, the Board shall communicate its final resolution of such issue to the Market Committee, at the same time notifying the Participant of the suspension and reasons therefore.~~
- ~~3. The penalties include:
  - a. warning;
  - b. suspension of a Participant;
  - c. change the participation status of a Participant from Market Maker to Market Taker;
  - d. disqualification of a Participant.~~
- ~~4. Subject to article 37, the Market Committee may<sup>8</sup>. The Market Committee shall be entitled to:
  - 1) give a warning to the Participant ~~if~~ in the event that it is established that by taking a specific action it is determined that the Participant is in breach of ~~the provisions of these Market Rules, as long as provided that~~ in the Market Committee's opinion such breach does not constitute a gross breach of the rules of conduct ~~prevailing on the market; Market,~~
    - a. ~~change the participation status of a Participant from Market Maker to Market Taker in the cases referred to in § 35 Sec. 5 of the Market Rules;~~
  - 2) suspend the Participant from the Market for a definite ~~term, for no more~~ period of time, not longer than 6 months, if it in the event that the Market Committee determines that the Participant:
    - (i) ~~does not pay in time the fees it Participant is obliged to pay under in breach of the Market Rules; procedures or~~
      - a. ~~breaches orderly functioning of regulations applicable on the Market, including in particular the best market practices, or~~
      - (ii) ~~the Market Rules, or~~
    - a. ~~b. by its Participant's actions it poses might pose a threat risk to the safety of trading on the Market;~~
  - b. ~~disqualify a Participant from the Market if:~~
    - 3) ~~during~~ change the Participant's status from Market Maker to Market Taker in the event of non-fulfilment of the obligation referred to in Article 14 (1) (b) hereof,
    - 4) ~~exclusion the Participant in the event that the Participant fails to remedy the breach in the suspension period.~~~~
- ~~9. During the suspension period, the Participant ~~did not cure the breach; or~~ shall not be entitled to submit any Proposals or Applications, The suspension shall be effective as soon as it is registered in the System.
  - (i) ~~the Participant was declared bankrupt or bankruptcy/insolvency proceedings were initiated in respect of the Participant.~~~~
- ~~5. Before the decision referred to in paragraph 4 is made, the Market Committee shall initiate proceedings and inform the Participant that it has established that there is a reason to give a warning, change the status of the Participant from Market Maker to Market Taker, suspend or disqualify the Participant and request that the breach be cured or that explanations be provided, setting a deadline for the above.~~
- ~~6. The deadline referred to in paragraph 5 may not be less than 14 days following the day of receipt by a Participant of a request from the Market Committee, unless the Participant's conduct poses such a threat to the safety of trading on the Market that it should be immediately cured.~~
- ~~7. Following the lapse of the deadline referred to in paragraph 5., the Market Committee may make a decision to redeem proceedings or give a warning, change the status of the Participant from Market Maker to Market Taker, or suspend or disqualify a Participant from the Market.~~



- ~~8. In specially justified cases, and particularly when it follows from the circumstances that further actions of the Participant on the Market may lead to a material damage to other Participants, the Market Committee may decide to suspend such Participant during the procedure described in paragraphs 5–7.~~
- ~~9. The Board shall notify the Participant and the Issuer about making any of the decisions referred to in paragraph 4, providing reasons for making such decision or shall inform them about discontinuation of the proceedings. The Management Board shall also inform other Participants that one of the decisions referred to in Sec. 4 has been made, providing also reasons for the decision.~~
- ~~10. During suspension of a Participant, the Participant may not place any Proposals or Applications. Suspension is effective upon a decision being made by the Market Commission, unless another effective date is set.~~
- ~~11. The Board enforces the penalties referred to in paragraph 310. When implementing the decision of the Market Committee, the Board shall:~~
- ~~1) inform the Participant and the Issuer, and then the other Participants that a procedural penalty has been imposed and give reasons therefor,~~
  - ~~2) enforce the procedural penalty in accordance with the terms and conditions specified in the decision of the Market Committee's decisions Committee.~~

### Article 37 – Obligatory suspension and exclusion of Participants

1. ~~A~~The Board shall suspend the Participant ~~is suspended~~ from the Market in the following events:
- a. subject to Item b) below, if it is determined that the Participant does not ~~fulfill~~fulfil any of the conditions set forth in Article 3, Article 4, Article 5 or Article 6 hereof;
  - b. the conditions set forth in Article 4, Article 5 and Article 6 of the Market Rules are not fulfilled and no evidence is presented to prove of ~~fulfillment~~fulfilment these conditions in accordance with Article 13.b., Article 14.1.c. and Article 15.b. of the Market Rules within 3 months of receipt of such notice;
  - c. suspension of such Participant by relevant authorities.
  - ~~d. 2.~~When the Participant fails to pay the fees provided for in the Market Rules within the prescribed time limit,
  - ~~e. when the Participant is declared bankrupt or recovery proceedings are initiated with respect to the Participant.~~
- ~~2.~~The Board shall be excluded~~exclude Participant~~ from the Market if:
- a. the Participant ceases to be one of the entities referred to in Article 3.1, 3.2. hereof;
  - b. liquidation proceedings are initiated with respect to the Participant;
  - c. after the ~~six-month~~ suspension period referred to in ~~Article 36.4.c~~Sec. 1 (d) hereof the Participant hasn't removed the cause of suspension;
  - d. relevant authorities apply measures excluding the Participant from participation in the Market.
3. Decisions on matters referred to in paragraph 1 and paragraph 2 shall be made by the Board after making appropriate explanatory procedures. The provisions of Article 36.~~51~~and 36.61 shall apply accordingly to such inquiries.

## SECTION VIII LIABILITY AND DISPUTES

### Article 38 – Liability

1. The Board reserves the right to terminate the Market at any time.

2. The Company shall have no liability (save for a refund of the pro-rata part of any pre-paid fees) to any Participant in respect of any suspension or termination of the Market. The Company shall have no liability to any Participants or other parties in respect of breach of the Market Rules or other market regulations by other Participants.
3. In the case of wilful misconduct and/or gross negligence on its part, the Company shall have liability to any Participant or any other person with respect to any action taken or omitted to be taken in connection with providing the services contemplated by these Market Rules. Further, the Company shall have no liability to any Participant or any other person for consequential, indirect or unforeseeable loss or damage. The Company shall also have no liability to Participants for the operations of a Custodian.
4. Any Participant is liable for losses or damages which the Company suffered in respect of the Participant's improper use of the System, in particular for losses caused by breaching rules of System use.

#### **Article 39 – Disputes and governing law**

All disputes between the Company and Participants, that may arise with the Company in relation to membership of the Market, including those concerning the application and the interpretation of the present Market Rules and its Annexes, and amendments thereto, will be put forward to Arbitrary Court of National Chamber of Commerce, in accordance with rules of that court; such Court shall decide by applying Polish law.

### **SECTION IX – LIST OF ANNEX TO THE RULES**

#### **Article 40 – List of Annex to the Rules**

An integral part of the Rules are the following annexes:

- 1) Annex A – Maturity Buckets;
- 2) Annex B – (deleted);
- 3) Annex C – Minimum Trading Quantity;
- 4) Annex D - (deleted);
- 5) Annex E - Trading Day Schedule;
- 6) Annex F - Trading Days;
- 7) Annex G - Quotation/Spread Obligation in Double-Side Proposal;
- 8) Annex H – (deleted);
- 9) Annex I - Clearing And Settlement Procedures;
- 10) Annex J– (deleted);
- 11) Annex K - Trading Principles In The Institutional Segment;
- 12) Annex L – Assignment Of Liquid Securities To Market Makers;
- 13) Annex M - Daily Statistics;

14) Annex N – Procedure To Be Used In The Event That A Participant Is Unable To Verify On Its Screen The Contracts Executed By It On The Market;

15) Annex O - Trade Cancellation Request;

16) Annex P- Fee Schedule;

17) Annex R - Particular rules of the conditional (repo) transactions;

18) Annex Q – (deleted~~);~~).

19) Annex S – Best Market Practices

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## **ANNEX A – MATURITY BUCKETS**

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Traded Securities shall be classified in the following maturity buckets according to their remaining maturity:

Short term	Up to 1 year
Bucket A	+ 1 year to 2,5 years
Bucket B	+ 2,5 years to 6 years
Bucket C	+ 6 years to 11 years
Bucket D	+ <i>11 years</i>

**ANNEX B – (deleted)**

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## ANNEX C – MINIMUM TRADING QUANTITY

### 1. Cash Market transactions

1. Minimum trading quantity is expressed in face value of securities being its object.
2. Minimum trading quantity of Trade Securities denominated in PLN is expressed in Table A.
3. Odd lots of PLN 2.5 million and multiples up to PLN 5 million for Traded Securities denominated in PLN are subject to Market Maker's acceptance.
4. Minimum trading quantity of Trade Securities denominated in euro is expressed in Table B.

Table A

Category	Cash Market	Institutional Segment
Benchmark Securities	PLN 5 million	PLN 2.5 million
Liquid Securities	PLN 5 million	PLN 2.5 million
Regular Securities	PLN 5 million	PLN 2.5 million

Table B

Category	Cash Market	Institutional Segment
Benchmark Securities	-	-
Liquid Securities	-	-
Regular Securities	EURO 0,5 million	-

### 2. Repo Market transactions

1. Minimum trading quantity is expressed in face value of Traded Securities being its object and is expressed in Table C.
2. Subject of conditional (repo) transactions may be Traded Securities with nominal value which is minimum trading quantity or multiple thereof.

Table C

Category	Repo Market
Traded Securities denominated in PLN	PLN 2.5 million
Traded Securities denominated in EURO	EURO 0,5 million

**ANNEX D – (deleted)**

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## ANNEX E – TRADING DAY SCHEDULE

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### I. General provisions.

Trading Day Schedule is determined in accordance with the Central European Time.

### II. Cash Market

1. **8.30 a.m.– 8.55 a.m.:** Pre-Market phase, during which only Market Makers are operative. During this time period the Market Makers can insert, change, suspend and re-activate their Proposals. Each market maker can only see his own proposals. Proposals are not matched.
2. **8.55 a.m.– 9.00 a.m.:** Preliminary Market phase, during which all Participants can operate, on the basis of the user profile assigned to them. In the Preliminary Market phase specifically:
  - 1) Proposals can be inserted,
  - 2) There is no automatic matching of Proposals,
  - 3) The "Best Page" is supplied and the updated aggregates are calculated,
  - 4) All Participants can send Applications,
  - 5) Applications for which in System the opposite side is accessible as well as they fulfil the conditions of opposite side , as well as for which face value of securities being her object is equal or over the minimum trading quantity for relevant kind of Securities are accepted automatically by the System.
  - 6) Market makers can decide whether to accept trades for amounts, which are lower than the minimum trading quantity for relevant kind of Securities (only in this case the matching remains on the peripheral system).
3. **9.00 a.m. – 5.00 p.m.:** Open Market phase, during which all Participants can operate on the basis of the user profile assigned to them. During that time all Participants may insert, change, suspend and re-activate their Proposals and send their Applications. The System will send signalling messages to the Participants before the start of the Open Market phase occurs. Should there be a blackout, the System will use it to clear the automatic matching and promptly re-constitute the "Best Page".

In this market phase the automatic matching of Proposals and Applications or two Proposals and concluding transaction of spot market is active.
4. **5.00 p.m.– 7.00 p.m.:** Closed Market phase, during which the market is completely inoperative. During this time period Participants can only send and receive messages, examine statistics concerning the day's negotiations, receive reports, lists and indexes and load new peripheral software.

### III. Repo Market

1. **7.45 a.m.– 4.45 p.m.** On the Repo Market it is possible to conclude the conditional (repo) transactions with restriction, that the opening transaction in conditional (repo) transaction is settled in T+O deadline, where T means the date on which the transaction is effected, can be concluded until 2.15. p.m. only.
2. **4.45 p.m.– 7.00 p.m.:** Market Closed.



## **ANNEX F – TRADING DAYS**

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1. Trading on the Market shall be allowed in trading days, i.e. from Monday to Friday, except for:
  - 1) 1 January;
  - 2) 6 January;
  - 3) Good Friday;
  - 4) Easter Monday;
  - 5) 1 May;
  - 6) 3 May;
  - 7) Corpus Christi;
  - 8) 15 August;
  - 9) 1 November;
  - 10) 11 November;
  - 11) 24 December;
  - 12) 25 December;
  - 13) 26 December.

Every year, the Company shall make available information to Participants about the dates of movable holidays minimum 10 days in advance.

2. The Company defines additional days, when trading on the Market would be suspended.
3. The Company shall advise the Issuer, National Bank of Poland, Clearing Institution as well as Participants, about the extra days when trading on the Market will not take place – minimum 10 days in advance, by means determined by the Company.
4. Market Maker shall be relieved from its obligations under Article 14.1.b) on such days which are recognized public holidays in the Participant's county of operation such that the Market Maker is not in default of its undertaking for failing to comply with its obligation on such days.

**ANNEX G – QUOTATION/SPREAD OBLIGATION IN DOUBLE-SIDE PROPOSAL**

1. Minimum daily time to quote all Benchmark Securities as well as Liquid Securities attributed to individual Market Maker, amounts to five hours during the Open Market phase.
2. Market Makers are obliged to quote their double-side Proposals and comply with maximum bid/offer spread and minimum quantity, according to the requirements for specific classes and Traded Securities groups, as in the table below, except for sec. 3.
3. The Company can, after consulting the Participants, settle a minimum quantity in the amount of PLN 25 m for the Benchmark Securities constituting a significant volumes on the Market.
4. The Company will inform the Participants about the planned change of the minimum quantity for a particular Treasury Security at least 7 days earlier.
5. Change of the minimum quantity, as mentioned in sec. 3, does not concern one-side Proposals.
6. The maximum spread is determined in ticks, where one tick is 0,01 % of nominal value of Traded Securities and in case of Treasury Bills one tick is 0.01 % of value of profitability.
7. Under justified circumstances, the Company can, after consulting the Market Committee, change or suspend the obligations regarding the maximum Spread, for a period of time not longer than 10 trading days.

	<b>Benchmark Securities</b>		<b>Liquid Securities</b>	
	<i>Max. b/o spread</i>	<i>Min. quantity</i>	<i>Max. b/o spread</i>	<i>Min. quantity</i>
<b>Short-term</b>	---	---	---	5 million PLN
<b>Bucket A</b>	20 ticks	10 million PLN	---	5 million PLN
<b>Bucket B</b>	30 ticks	10 million PLN	---	5 million PLN
<b>Bucket C</b>	45 ticks	10 million PLN	---	5 million PLN
<b>Bucket D</b>	60 ticks	10 million PLN	---	5 million PLN

**ANNEX H – (deleted).**

## ANNEX I – CLEARING AND SETTLEMENT PROCEDURES

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1. Treasury Bonds transactions conducted on TBS Poland Market are settled by KDPW (The National Depository for Securities) on the basis of an agreement between BondSpot S.A. and National Depository for Securities, in accordance with the regulations of the KDPW. To settle treasury bond transactions, the Company provides KDPW with documents, in an electronic form, confirming that such transactions were concluded.
2. KDPW settles transactions concluded on the Market via a system of multilateral session-, unless the Board decides otherwise.
3. Participants money dues and payables, resulting from treasury bond transactions concluded on the TBS Poland Market and settled by KDPW take place in, according to multilateral rule compensation (netting-), unless the Board decides otherwise.
4. Treasury Bill's transactions concluded on the Market are settled by RPW, on the basis of an agreement between BondSpot S.A. and the National Bank of Poland (NBP), in accordance with the regulations set by NBP. To settle Treasury Bill's transactions concluded on the Market, the Company provides RPW with documents, in an electronic form, confirming that such transactions were concluded, within the time limits provided for in the RPW regulations.
5. Settlement of transactions in RPW takes places in gross system (transaction after transaction) where priority is given according to execution time and the ID number.
6. Settlement of transactions in Clearing Institution follows the DVP (Delivery versus Payment) rules.
7. In case of transaction settlement deadline is not kept, Participant is responsible for taking proper measures for its correct settle, according to Clearing Institution practice.
8. The settlement of the transactions executed on the Market shall be performed in indicated deadlines based on the settlement calendar applied by the Clearing Institution listed in the Annex H, notwithstanding the provisions of Item 9.
9. A day not identified in the TARGET calendar as a settlement day shall be excluded from the settlement dates of the transactions executed on the Market also when the settlement procedures are performed by the Clearing Institution as at that settlement date.
10. Forthwith after concluding of a transaction, BondSpot S.A. provides the parties to such transaction with the confirmation of its conclusion.
11. When a transaction is concluded by a Participant that settles transactions by a Custodian the Company ~~immediately provides~~shall ensure transmission to the Custodian ~~with settlement messages in information to confirm the SWIFT standard, with conclusion of the content~~transaction in accordance with the procedures and standards specified by the Company.
12. After the end of each trading day the Participants will receive the reports containing information relating to their daily activity, through activity web sites in the System.
13. Cash Market transactions in Traded Securities are settled at T+2 time, where T is the date of transaction, subject to item 14 and 15.
14. Cash Market transactions in Traded Securities denominated in EURO are settled at T+3 time.
15. Conditional (repo) transactions are settled:
  - 1) at T+0 time or another time agreed by the parties of transaction – in case of the opening transaction
  - 2) at time agreed by the parties of transaction, the term should be after the day of settlement of opening transaction, but no later than 365 days after settlement the opening transaction – in case of closing transaction.

**ANNEX J – (deleted)**

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## **Annex K – Trading Principles in the Institutional Segment**

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1. The Institutional Segment shall constitute a separate Market part.
2. Institutional Investors and Market Makers can be the participants of the Institutional Segment.
3. Institutional Investors may trade in the Institutional Segment after they are admitted to operations in this Market part, pursuant to the principles stipulated in the Regulations.
4. Market Makers are entitled to execute transactions in the Institutional Segment since the commencement of their quotations in this segment. Market Makers perform their function in the Institutional Segment based on the principles stipulated in the Regulations. The withdrawal or suspension of the Market Maker function, results in an automatic loss or suspension of the right to trade in the Institutional Segment.
5. The trading in the Institutional Segment takes place during sessions on Trading Days listed in Annex F and during Trading Hours of the cash market, as defined in Annex E.
6. ~~Only Traded Securities denominated in euro may be traded in the Institutional Segment.~~ The minimum trading unit is defined in Annex C.
7. Trading in the Institutional Segment and the settlement of the transactions executed in this Segment, are performed based on the principles stipulated in the Trading Regulations of the cash market, except for the provisions of Item 8 and Item 9 of this Annex.
8. Institutional Investors may execute cash market transactions in the Institutional Segment by submitting orders.
9. A participant of the Institutional Segment may appoint other Participants of this segment with whom he would not trade within the Institutional Segment due to statutory restrictions or due to other material reasons approved by the Market Committee.

## **ANNEX L -ASSIGNMENT OF LIQUID SECURITIES TO MARKET MAKERS**

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1. The Board assign Liquid Securities to individual Market Makers and can also change this assignment.
  2. Liquid Securities shall be assigned not more frequently than at the beginning of every month to market makers on a rotational basis such that each Liquid Security shall be quoted by at least four market makers at any one time, and that each market maker shall quote at least one Liquid Security per maturity bucket (provided that at least one security exists in each bucket).
  3. The allocation could not be at the discretion of the Board but an objective algorithm has to be applied and disclosed to the market makers.
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## **ANNEX M –DAILY STATISTICS**

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1. The list described in Article 31 point 5 of the Rules shall be compiled and released to the public at the end of each Trading Day and shall be divided into sections; the list shall indicate, for each type of Traded Security.
  - (a) identification code of the type of Traded Security;
  - (b) description of the type of Traded Security;
  - (c) the minimum price;
  - (d) the maximum price;
  - (e) the volume weighted average price;
  - (f) the volume negotiated.

Where items (c) – (e) are determined on the basis of transactions concluded in the Trading Day, excluding the transactions concluded in connections with disposal RFQ.
2. In case of conditional contracts in addition to the above data the period will be made public, describing the number of days between settlement day of opening transaction (including that day) and settlement day of closing transactions (excluding that day). All calendar days in a given year are taken into account.



**ANNEX N – PROCEDURE TO BE USED IN THE EVENT THAT A PARTICIPANT IS UNABLE TO VERIFY ON ITS SCREEN THE CONTRACTS EXECUTED BY IT ON THE MARKET**

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1. In the event that Participant for technical reasons cannot access to the system, the Participant may receive from the Company information about the Market and about transactions concluded by this Participant.
2. The information referred to in Sec. 1, are provided to Participant by the Company by telephone or via e-mail on request of this Participant.
3. Reported request should be confirmed:
  - 1) by telephone – in case of e-mail request,
  - 2) via e-mail – in case of telephone request.
4. The request should be reported and confirmed by a person authorized by the Participant to conclude transactions on the Market.

## **ANNEX O – TRADE CANCELLATION REQUEST**

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Cancellation of trades shall be performed by the Company only in following cases:

1. upon request of both counterparties,
2. unilateral transaction cancellation request.
3. when a Major Market Incidents (MMI) occurs.

Ad. 1 In case of a trade cancellation request by both counterparties, the following procedure shall apply:

- 1) Cancellation of trade may be performed by the Company upon the request of both counterparties communicated to the Company by phone, via fax or e-mail.
- 2) The request for the cancellation of a transaction should be confirmed:
  - a) by phone – in case the request was submitted via fax or e-mail;
  - b) by fax or e-mail – in case the request was submitted by phone,
- 3) The request should be submitted and confirmed by the person authorized to execute transactions on the Market.
- 4) The request for cancellation of trade shall indicate a substantial cause for trade cancellation and such communication shall be submitted to the Company and should be confirmed within maximum 30 minutes since the execution of the trade.
- 5) In particular the cancellation of a conditional (repo) transaction may be performed by Company in case of Major Price Difference (MPD).
- 6) MPD means that calculated by the system a reference price for the conditional (repo) transactions referred to in Annex R, is significantly different from the actual price at which transactions are concluded on the cash market.
- 7) The Market Committee shall prepare a catalogue of incidents or criteria for estimation of incidents, others than mentioned in Item 5, that may be recognized by the Company as substantial cause for trade cancellation.
- 8) In case of the cancellation of a trade, the Company shall immediately inform about this both counterparties.

Ad. 2 In case of a unilateral transaction cancellation request the following procedure must be applied:

- 1) A transaction can be cancelled by the Company based on the request submitted to the Company by the other counterparty by phone, fax or e-mail.
- 2) The submitted transaction cancellation request must be confirmed:
  - a) by phone – in case the request was submitted via fax or e-mail;
  - b) by fax or e-mail – in case the request was submitted by phone;
- 3) The request should be submitted and confirmed by the person authorized to execute transactions on the Market.
- 4) A transaction cancellation request must contain the reason for the transaction cancellation and it must be submitted to the Company and confirmed within 25 minutes since the execution of the transaction.
- 5) Promptly after the receipt of the transaction cancellation request by one counterparty thereof, the Company shall inform the counterparty of the transaction about the submitted request.
- 6) When the counterparty of the transaction approves its cancellation within 10 minutes since the receipt of the information from the Company concerning the submitted transaction cancellation request, the procedure stipulated in Ad. 1 shall be applied.

- 7) When the counterparty of the transaction does not agree for its cancellation within 10 minutes since the receipt of the information from the Company concerning the submitted transaction cancellation request, the Company may cancel the transaction if the transaction price (~~constituting its yield to maturity, and in case of the floating rate TS's constituting the percentage of their nominal value~~) differs by at least 80 ticksdiffers:
- a) ~~from the price fixed based on the opinion of at least two representatives of the Participants who are members of the Market Committee, excluding representatives of the Participants who are parties to the transaction to be cancelled,~~
  - a)b) ~~if it is impossible to determine the price as described in sub item a) above,~~ from the price of the last transaction executed within 515 minutes before the execution of the transaction subject to the cancellation request;
  - b)c) ~~in case the price cannot be determined in a manner referred to in sub items a),) and b) above,~~ from the ~~transaction price determined based on the best buy and sell offer as at the execution~~last fixing rate of the ~~transaction subject~~Trade Securities, referred to the cancellation request;~~in Article 31.6 of the Market Rules;~~
  - e) ~~in case when the price cannot be determined in a manner referred to in sub item a) and b), from the price determined based on the opinion of the Participants holding the first three positions in the quarterly periodic appraisal of candidates for primary dealers performed by the Issuer, excluding the Participants being the parties to the transaction subject to the cancellation request.~~
- by at least:
- the maximum Spread as specified in Annex G – if the transaction involves Benchmark Securities, or
  - 40 basis points – if the transaction involves short-term Trade Securities, or
  - the double maximum Spread for a given group of Trade Securities classified according to their maturity date as described in Annex A – if the transaction involves any other Trade Securities.
- 8) In order to obtain the opinion referred to in Item 7 sub item ~~ea~~), the Company shall apply to ~~the proxies~~representatives of the Participants who are members of the ~~Participant authorised to operate on the~~Market Committee, for the identification of the price to be used in the determination of the market valuation adequate to the execution time of the transaction subject to the cancellation request, and then the Company shall determine the market value based on the price constituting the arithmetical average of the prices provided by representatives of the Participants issuing their opinions.
- 9) The Market Committee shall prepare a catalogue of incidents or criteria for estimation of incidents other than specified in Item 8, that may be recognized by the Company as substantial cause for trade cancellation.
- 10) In case of the cancellation of a trade, the Company shall immediately inform about this both counterparties.
- 11) For trade cancellation in case described in item 5.3 of Annex R to the Rules, items 6-9 do not apply.

#### Ad. 3 Major Market Incidents (MMI)

- 1) Major Market Incidents ("MMI") means such circumstances relating to the technical functioning of the System as the Company in its sole discretion, shall determine to be a major market incident. Without prejudice to such discretion, regard may be given to such factors as whether:
- a) the System is inaccessible (or "down") during scheduled trading hours;
  - b) market-making is restricted because, for example, a network trunk is "down" resulting in a material number of market-makers being unable to access the System;
  - c) the technical service level on the System is such that a material number of Participants cannot safely trade without their being exposed to significant market risks (for example, being unsure of their position, being unable to quote, being unable to see the best Price or seeing erroneous Prices in the best); or

- d) the security or integrity of the System is compromised, or at imminent risk, or the Company is unable to see or control the System using standard tools.
- 2) The period of an MMI shall be from such time as the Company shall determine as the time of the first impact on the System of the MMI in question until such time as the Company shall determine as the time when the System has been restored to its normal state. Notwithstanding the provisions above, the MMI period shall start when the initial fault report notification is received by the Participant.
- 3) If it shall be determined that an MMI has occurred, the Company shall perform cancellation of such trades as the Company shall, in their sole discretion, determine as affected by the MMI. Without prejudice to such discretion, it may be determined that
- a) affected trades include trades executed outside the period of the MMI, and;
  - b) trades executed during the period of the MMI are not affected by the MMI.
- 4) The Company may, but is not obliged to, consult with Participants, whose trades are or may be affected by the MMI.
- 5) The Company will, if practicable, inform all Participants as soon as possible of the occurrence of an MMI.
- 6) The Company will inform both counterparties not later than 18:30 Central European Time on the Trading Day in question, of the trades that are subject to cancellation. In particular circumstances the Company may provide above information later.
- 7) The Company will promptly notify Participants of the end of the period of an MMI.

## ANNEX P – FEE SCHEDULE

### I. MEMBERSHIP FEE

	Market Maker	Market Taker	Other participants
Monthly membership fee	None	None	None

### II. TRANSACTION FEES (CASH MARKET)

#### A. Transactions the parties of which are Market Makers and Market ~~Takers~~Takers

##### 1. Minimum transaction fee

1. Each Participant, subject to Chapter III ~~point~~Sec 2 of this Annex, is charged minimum transaction fee, which gives the Participant – in a given calendar month – the right to
  - 1) ~~conclude, in given month transactions,~~ without any additional fees, ~~the transactions~~ up to the *volume limit* as in Table A for Market Makers and as in Table B for Market Takers;
  - 2) ~~cancel transactions, without any cancellation fees, up to the volume limit four times higher than the limit specified in Chapter III Sec 1 (2) of this Annex.~~
2. When calculating the *volume limits* specified in Table A and Table B, the transactions should be taken into consideration in chronological order.
3. Minimum transaction fee is charged regardless of the volume of transactions concluded in given month.
4. In case of the admission of the Participant to the Market, the first minimum transaction fee is charged in full amount from the beginning of the month, in which the Participant is authorised to conclude transactions on the Market, according to article 7 point 4 and article 8 point 4 of the Rules.
5. In case of the resignation of the Participant from the Market or the exclusion of the Participant, the last minimum transaction fee is charged in full amount for the month, in which the Participant lost its status.
56. In case of change the status of the Participant from Market Maker to Market Taker or from Market Taker to Market Maker, minimum transaction fee, for the calendar month in which the change of status of the Participant is charged in full force prior to this change. In this case, does not change the value of the transactions referred to in Item 1.

Table A

	Market Maker
<b>The volume of transactions (monthly limit) included in minimum transaction fee</b>	<b>Minimum fee [PLN]</b>
1 billion PLN	20,000.00 PLN

Table B

	Market Taker
<b>The volume of transactions (monthly limit) included in minimum transaction fee</b>	<b>Minimum fee [PLN]</b>
250 million PLN	10,000.00 PLN

**2. Transaction fees above the minimum transaction fee**

~~For 1.~~ In the event that the Market Maker exceeds the volume of limit, transaction exceeding the monthly limit presented respectively in Table A and Table B, transaction fee is fees shall be charged according to the percentage rate applicable to the transaction volume of transactions concluded as in the tiers presented within the range specified in Table C for Market Makers and Table D for Market Takers. The transactions volumes are transaction volume shall be calculated monthly in chronological order in a given calendar month, including *Passive (transactions per the Price in accruals; the Proposal and as a result of acceptance of RFQ)* and *Aggressive (transactions other than Passive)*.

2. In the event that the Market Maker exceeds the volume limit, transaction fees shall be charged according to the percentage rate applicable to the transaction volume within the range specified in Table D.

~~1.~~ 3. Both parties of the transaction are charged with a fee.

~~3.~~ 4. In case of change the status of the Participant from Market Maker to Market Taker or from Market Taker to Market Maker, transaction fees, for the calendar month in which the change of status of the Participant are charged in the amount from the Participants prior to this change. ~~Table C~~

Table C

	<b>Market Maker</b>			
<b>Transaction tiers above the monthly limit</b>	<i>Passive</i>		<i>Aggressive</i>	
<b>Transaction tiers above the monthly limit</b>	<b>Fee [%]</b>	<b>Fee [PLN] per 1 million volume of the transactions concluded</b>	<b>Fee [%]</b>	<b>Fee [PLN] per 1 million volume of the transaction transactions concluded</b>
<del>between 1 and 3 billion PLN</del>	<del>0.00105%</del>	<del>10.50 PLN</del>	<del>0,20015%</del>	15 PLN
<del>between 3 and 5 billion PLN</del>	<del>0.0007%</del>	<del>7 PLN</del>	<del>0,2001%</del>	10 PLN
<del>excess of 5 – 8 billion PLN</del>	<del>0.00035%</del>	<del>3.50 PLN</del>	<del>0,20005%</del>	-5 PLN
<del>more than 8 billion PLN</del>	<del>0.0003%</del>	<del>3 PLN</del>	<del>0.0005%</del>	<del>5 PLN</del>

Table D

	<b>Market Taker</b>	
<b>Transaction tiers above the monthly limit</b>	<b>Fee [%]</b>	<b>Fee per 1 million volume of the transaction concluded</b>
between 0,25 and 0,5 billion PLN	0,003 %	30 PLN

between 0,5 and 1 billion PLN	0,0025 %	25 PLN
excess of 1 billion PLN	0,002 %	20 PLN

### **3. Transaction fees not included in the minimum transaction fee**

1. In case of transactions in Traded Securities denominated in foreign currency, the transactions fees are charged as according to the percentage rates in Table E1, subject to Sec. 2.
2. In the case of transaction in Traded Securities with nominal value not lower than PLN 150 million or 150 million EURO concluded on the basis of RFQ, the transactions fees are charged as in Table E.
3. In case of transactions in Traded Securities denominated in foreign currency, the transactions fees are charged from volume of transactions converted in accordance with Sec. 5 in Chapter ~~VIV~~ of this Annex.
4. Transaction volume, as mentioned in the article 1 and 2, is not included in the transaction volume as presented in Table A for Market Maker and in Table B for Market Taker.
5. Both parties are charged with transaction fees.

Table E1

<i><b>Passive</b></i>		<i><b>Aggressive</b></i>	
<u><b>Fee [%]</b></u>	<u><b>Fee [PLN] per 1 million volume of the transactions concluded</b></u>	<u><b>Fee in-% [%]</b></u>	<u><b>Fee [PLN] per 1 million volume of the transaction transactions concluded</b></u>
<u>0.00105%</u>	<u>10.50 PLN</u>	0.0015-%	15 PLN

Table E2

<b>Fee in %</b>	<b>Fee per 1 million volume of the transaction concluded</b>
<u>0.0010005 %</u>	<u>105 PLN</u>

### **B. Transactions concluded within the Institutional Segment the parties of which are Institutional Investors.**

Institutional investors are charged transaction fees in the value presented in Table F.

Table F

	<b>Institutional Investor</b>
<b>Fee in %</b>	<b>Fee per 1 million volume of the transaction concluded</b>
0.003 %	30 PLN

**III. TRANSACTION FEES FROM CONDITIONAL (REPO) TRANSACTIONS (REPO MARKET)**

1. The volume of conditional (repo) transactions are not included in the monthly limit on the Cash Market.
2. The Participants admitted to trading on the REPO Market only, are not charged with the minimum transaction fee.
3. Conditional transaction fees ,taking into consideration rates in Table G and Table H, are calculated based on the following formula

$$Fee = value\ of\ the\ opening\ transaction * number\ of\ repo\ days / 365 * rate$$

where:

- fee = fee from conditional (repo) transaction charged by the Company,
  - value of the opening transaction = "dirty" value of the opening transaction,
  - number of repo days = repo transaction duration in days calculated as the difference between the closing transaction settlement date and the opening transaction settlement date,
  - rate = appropriate annual rate in accordance with Table G and Table H.
4. In case of transactions in Traded Securities denominated in foreign currency, value of the opening transaction is converted in accordance with Sec. 5 in Chapter V of this Annex, when transaction fee for conditional (repo) transaction is calculated.
  5. Both parties are charged with transaction fees.

Table G

	<b>Participant admitted to trading on both Cash Market and Repo Market</b>
<b>Number of Repo days</b>	<b>Annual Fee in basis points to conditional transactions, excluding general collateral transactions</b>
1 day	3.5
Between 2 and 4 days	3.0
More than 4 days	2.5

Table H

	<b>Participant admitted to trading on both Cash Market and Repo Market</b>
<b>Number of Repo days</b>	<b>Annual Fee in basis points to general collateral transactions</b>
1 day	1.5
Between 2 and 4 days	1.5
More than 4 days	1.5

6. For participants operating only on Repo Market rates stipulated in Table G and Table H increased by 50% are used.



#### **IVIII. OTHER FEES**

1. Fees associated with cancellation of the transaction
  - ~~1)~~ 1. Except for ~~item~~Sec. 4, and Chapter I (A.1) (1) (2), in case of the cancellation of the trade upon the request of the both parties to this trade (Sec 6 Annex Q) shall be taken:
    - a) ~~transaction~~Transaction fee on the principles laid down respectively in Chapter ~~I or II or III~~ of this Annex.
    - b) ~~fee~~Fee for the cancellation of the transaction equal PLN ~~1,000~~500 from each party, except for paragraphs c.
    - c) ~~fee~~Fee for cancellation of the transaction equal PLN ~~21~~,000 from the party which undertook to pay a fee from both the sides.
  - ~~2)~~ 2. Except for ~~item~~Sec. 3, and Chapter I (A.1) (1) (2), in case of a unilateral transaction cancellation (Sec 2 Annex O) shall be taken:
    - a) ~~transaction~~Transaction fee on the principles laid down respectively in Chapter ~~III~~ or ~~IIII~~ only to the counterparty requesting the cancellation of this transaction;
    - b) ~~fee~~Fee for cancellation of the transaction equal PLN ~~21~~,000 only to the counterparty requesting the cancellation of this transaction."
  - ~~3)~~ 3. In case of cancellation described in item 5.3 of Annex R to the Rules exclusively from the counterparty who has made the allocation shall be taken:
    - a) ~~transaction~~Transaction fee on the principles laid down in Chapter III of this Annex,
    - b) ~~fee~~Fee for cancellation of the transaction equal PLN ~~21~~,000,
  - ~~4)~~ 4. In case of cancellation of transactions in connection with MMI (Sec. 3 of Annex O), or in connection with an MPD (Sec. 1, Item 5 of Annex H) charges are not levied.

#### **VIV. COLLECTION OF THE FEES**

1. All the Participants, excluding the Issuer Agent, are charged with the fees.
2. The invoices are issued within 7 days after the end of the month.
3. The invoices are issued in PLN or EUR.
4. In the case of issue an invoices in Euro the Company makes a conversion of the fees on the base of the rate which is determined by deducting the 2% of the average exchange rate for the Euro published by the National Bank of Poland on the date of issuing the invoice, however at the request of the Participant invoice can be issued in the PLN without converting its equivalent.
5. In case of Traded Securities denominated in foreign currency, the Company converts the value of transactions concluded by the Participant into zlotys according to the average exchange rate for a foreign currency announced by the National Bank of Poland applicable on the last Trading Day in a given calendar month. If on a given Trading Day, no average exchange rate for a foreign currency was announced, for conversion purposes, the last average exchange rate for that currency announced by the National Bank of Poland shall be applied.
6. The Participant is obliged to pay the due fees on the account of the Company within 21 days from the date of issuing the invoice. The due date is considered to be kept when the account of the Company is credited.
7. In case the Participant delays its payments, the Company is entitled to charge legal interests for the period of the delay, pursuant to the rules of law applicable in the Republic of Poland.
8. Within the framework of fee promotion the Company, by means of a resolution of the Management Board, may reduce or abolish payment collection for a definite period of time.



## **ANNEX R – Particular rules of the conditional (repo) transactions**

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### § 1

A conditional (repo) transaction is a transaction whereby each party undertakes the obligation towards the other party, one party to sell securities and the other to their purchase and payment of the defined amount of money (the opening transaction). At the same time, within the same transaction, its parties undertake the obligation to the reverse transfer of the same number and type of securities at pre-defined price and date (the closing transaction) unless the parties of conditional (repo) transaction agreed otherwise, on the basis of relevant regulations of Clearing Institution.

### § 2

The conditional (repo) transaction that can be executed on the Market is Buy Sell Back (BSB) and Repo Classic, and Participants may trade both individual Traded Securities and baskets of Traded Securities under the General Collateral transactions.

### § 3

1. All the Traded Securities admitted to trading, excluding indexed bonds, may be subject to conditional (repo) transactions.
2. Minimum trading quantity on the Repo Market is expressed in Annex C.
3. Conditional (repo) transactions are concluded in accordance with Trading Day Schedule specified in Annex E.

### § 4

A conditional (repo) transaction cannot be concluded when the settlement date of the opening transaction falls before and the settlement date of the closing transaction falls after the record date (the date that determines who is entitled to receive the interest and redemption amount).

### § 5

1. The Company define which Traded Securities may be part of the basket of Traded Securities on which may be concluded General Collateral transaction.
2. The allocation of Traded Securities in the General Collateral transaction must take place within a 2 hour from the time of its conclusion , but not later than within 15 minutes after the close of the market trading phase.
3. The seller in the opening transaction may allocate not more than 4 series of Traded Securities. In case of allocating more than 4 series of Traded Securities, the buyer in the opening transaction may request to cancel the General ~~Collatera~~Collateral transaction in whole or in part.

### § 6

1. The Participant may submit anonymous and non-anonymous proposals for the execution of a repo contract, except for RFO proposals, which may be submitted only as a non-anonymous proposal.
2. The proposal submitted on the Market is provided by the System to all the Participants, except for RFO proposals which are provided by the System only to the Participant, to whom this proposal was addressed.
3. Participants may submit on the Market the proposals for Repo transactions, which may be unilateral (only Buy or only Sell) or bilateral and they shall determine in particular:

- 1) name of Traded Securities or baskets of Traded Securities in the general collateral;
- 2) settlement dates for opening and closing the transaction;
- 3) repo rate;
- 4) nominal value of Traded Securities, subject to proposal.

§ 7

1. A Repo transaction is concluded from the moment confirmation of its conclusion by both parties or upon the expiry of the deadline set by the Company, counting from the date of dispatch of order to the issuer of the proposal, subject to Sec. 2. If the Company does not provide otherwise, deadline shall be 300 seconds.
2. In case of submission of the RFO proposal a Repo transaction is concluded if both parties confirm the execution of this transaction within the deadline set by the Company, counting from the submission of this proposal. If the Company does not provide otherwise, deadline shall be 120 seconds.
3. The Company, in consultation with the Participants, may change the time referred to in Sec. 1 or 2.
4. In the period between the sending of an order and its acceptance the proposal subject to this order remains in the market where it can still be addressed by all participants. The Participant issuing the proposal shall be obliged to accept the orders on "a first come first served basis" except for the provisions of Sec. 5.
5. A participant may refuse to confirm of a repo transaction at the time referred to respectively in Sec. 1 or 2. In the case of transactions other than those concluded on RFP proposals, the only reason for the rejection of a repo transaction may be the lack of a credit limit available to the Participant for the counterparty of that transaction.
6. The Proposal for the execution of a repo transaction may be suspended or cancelled by its issuer. After the confirmation of the transaction, the Proposal or any of its part being the subject of that transaction is automatically eliminated from the Market.

§ 8

1. The Company provides the Participants in real time via the System, in particular the following information:
  - 1) Repo rates, the volume of the best proposals for individual repo duration - in relation to the submitted proposal;
  - 2) Repo rates, the volume and times of the last transactions - in relation to the concluded transaction.
2. The Company provides a given Participant of the list of transactions executed by this Participant.

§ 9

Repo rate means the value of the interest rate determined by the parties of a transaction in order to calculate the value of the second leg (closing transaction) (SLV) based on value of the first leg (opening transaction) (FLV) and duration of repo:

$$SLDP = FLDP * (1 + RR * RD / 365)$$

$$FLV = FLDP * qty$$

$$SLV = SLDP * qty$$

**FLDP** – First Leg Dirty Price,  $FLDP = FLCP + FLAI$  (in %)

**FLCP** – First Leg Clean Price, Reference price (in %)

**FLAI** – First Leg Accrued Interest on **FL** settlement date

**RR** – Repo Rate (in %)

**RD** – Repo duration (in days), difference between **SL** settlement date and **FL** settlement date

**SLDP** – Second Leg Dirty Price

**SLCP** – Second Leg Clean Price, **SLCP = SLDP – SLAI**

**SLAI** – Second Leg Accrued Interest on **SL** settlement date

The reference (CLEAN) price is determined on an hourly basis based on the following formula:

- 1) It is the last transaction price from the external data stream input into the System during the last hour (the external data stream of MTS system received price information from Bloomberg system),
- 2) If the price was not determined based on Item 1 – the average put/call offer prices from the money market – Treasury BondSpot Poland,
- 3) If the price was not determined based on 1 and 2 – the last price from the money market Treasury BondSpot Poland from the preceding day,
- 4) If the price was not determined based on 1, 2 and 3 – the issue price of a given TS

**ANNEX Q – (deleted)**

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## **ANNEX S – Best Market Practices**

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### **1. GENERAL**

- 1) The Participants undertake to comply with the rules of proper functioning of the Market and to exercise due diligence and conscientiousness towards other Participants and to respect fair competition rules.
- 2) The Participants undertake to refrain from using techniques and procedures which could mislead other Participants as to their intentions.
- 3) Participants are required to:
  - a) act honestly and reliably, respecting legitimate interests of counterparties and the best interests of the market of Traded Securities and in accordance with the Market Rules,
  - b) cooperate in promoting best market practices,
  - c) cooperate in eliminating practices that hinder the development of the market of Traded Securities, and specifically actions that are unreliable or contrary to the best market practices,
  - d) ensure that dealer teams are composed of people with appropriate professional qualifications and integrity,
  - e) have resources and procedures necessary for efficient implementation and monitoring of the Participant's actions related to Traded Securities.

### **2. MARKET PRACTICES**

- 1) The best market practices shall be considered to have been violated in particular in the following cases:
  - a) non-reporting to the Company any justified suspicions that the best market practices have been violated in the event that the Participant is an injured party or has knowledge that any other Participant has violated the best market practices,
  - b) disseminating information about suspected violations of the best market practices which could be detrimental to the interests and reputation of the Participants or the Market prior to the official statement of the Market Committee,
  - c) taking actions that could reasonably appear to be actions leading to the distortion of the real situation on the market with a view to achieving favourable transaction conditions, including in particular:
    - i. submitting Proposals that cause a price shift (including prices in Proposals submitted using tools for automating the process of submitting Proposals) and at the same time submitting opposite of Proposals or Applications (crossed market),
    - ii. submitting Proposals that cause a price shift (also using tools for automating the process of submitting Proposals), and then submitting opposite of Proposals or Applications within a period that makes it impossible for other Participants to adapt their Proposals following the removal of the Proposal causing the market shift;
  - d) no permanent supervision over the tools for automating the process of submitting Proposals which generates Proposals with prices that could cause a significant deviation from the market rate,
  - e) operating on the Market using access data of another Participant's representative,
  - f) preventing any third parties from accessing online the order template and parameters of transactions conducted on the Market,
  - g) disclosing information about counterparties to the transaction to any third parties,

- h) not making efforts aimed at punctual settlement of transactions conducted on the Market,
  - i) not cancelling transactions conducted on the Market at non-market prices, and specifically their reversal outside the Market.
- 2) The Participants are required to accurately analyse and explain all and any situations related to transactions conducted on the Market if they are contacted by a counterparty to a given transaction.
-