



TBS Poland Market Trading and Settlement Practices

Procedure	Name
PR01	Procedure for suspension of a Participant's activity on request of a clearing agent or a settlement agent
PR02	Procedure for handling telephone contacts
PR03	Procedure for confirmation by settlement agents of the terms of settlement of transactions concluded on the repo market by TBS Poland market participants
PR04	Model contract between a TBS Poland Market Participant and a custodian bank
PR05	Format of SWIFT settlement messages for the repo market
PR06	Schedule of transmission of settlement instructions to Clearing Institutions and Settlement Institutions
PR07	Settlement cycle for the opening leg of repos

(effective as at 7 May 2021)

PR01. Procedure for suspension of a Participant's activity on request of a clearing agent or a settlement agent

- 1) BondSpot (Company) shall suspend the activities of a Participant on the TBS Poland Market on request submitted to the Company by e-mail by a clearing agent or a settlement agent (used by the participant in clearing or settlement in KDPW_CCP S.A., KDPW S.A. or the Securities Register operated by the National Bank of Poland). The document containing a request to suspend the activities of a Participant on the Market shall be signed by persons authorised to act on behalf of the clearing agent or the settlement agent and shall be subsequently confirmed by telephone in a manner allowing for identification pursuant to procedure No. PR02 as defined in Annex No. 2 hereto. Persons authorised to act shall be understood as persons indicated by the clearing agent or the settlement agent in the information card filled in by it according to the format determined in Annex No. 4 hereto.
- 2) In case a request referred to in point 1 is received, the Company shall suspend the activities of the Participant on the Market immediately after the telephone confirmation of such request.
- 3) The Company shall allow the Participant to resume its activities on the Market immediately after the receipt of the respective declaration issued by the agent which previously issued the request for suspension pursuant to the procedure and in the format defined in point 1.
- 4) In case of a suspension, the Company shall immediately inform thereof the interested Participant and the agent which submitted the request for the suspension.

PR02. Procedure for handling telephone contacts

If a clearing agent or a settlement agent contacts the Company by telephone, the following principles of such contact shall apply:

1) Contact method

A proxy (a person authorised by the clearing agent or the settlement agent in the information card) shall contact the Company using the following dedicated telephone lines:

+48 22 537 74 28;

+48 22 537 74 29,

If contact cannot be established using fixed phone lines, contact using mobile phones shall be permitted at:

+48 607 178 686,

+48 609 748 707,

2) Identification of the proxy

An authorised employee of the Company shall identify the proxy who shall provide:

- the name of the clearing agent or the settlement agent,
- the first and last name of the proxy.

PR03. Procedure for confirmation by settlement agents of the terms of settlement of transactions concluded on the repo market by TBS Poland market participants

This procedure concerns confirmation of the terms of settlement of transactions where at least one of the counterparties to the transaction is represented in the KDPW settlement system by a settlement agent (custodian bank) and the terms of settlement of tri-party repos.

If a TBSP Participant using a custodian bank as a settlement agent is a counterparty to the transaction, the custodian bank shall send a settlement instruction to KDPW confirming the terms of settlement of the transaction.

If both counterparties to the transaction are represented by the same custodian bank, the custodian bank shall send separate settlement instructions to KDPW confirming the terms of settlement of the purchase and the sale of bonds.

For tri-party repos, the settlement instructions sent to BondSpot by both counterparties to the transaction or by custodian banks used by the counterparties to the transaction to settle the transaction shall at each time be matched.

1) Repos whose opening leg is settled at T+0

1. BondSpot shall send to the custodian banks real-time SWIFT settlement messages MT541&MT543¹ which contain the terms of settlement of transactions according to instructions sent to KDPW. The format of such messages is defined in the procedure PR05.
2. BondSpot shall send to KDPW settlement instructions according to the Schedule defined in PR06. KDPW shall generate messages with the status of settlement instructions (with error reason description, if applicable) recorded in the system and send them to the counterparties responsible for the settlement of the transaction and to BondSpot.
3. KDPW shall keep sending messages with the status of settlement instructions during the day according to the KDPW schedule until the transaction is settled.
4. After receipt of a SWIFT message or a message with the status of settlement instruction, the custodian bank shall generate an instruction confirming the terms of settlement and send it to KDPW according to the Schedule defined in PR06.
5. KDPW shall match the settlement instructions from BondSpot and from both counterparties to the transaction/custodian banks; if they match, the settlement instructions shall be presented for settlement at the nearest settlement session.
6. After settlement, KDPW shall generate a message with the status of settlement instruction confirming the settlement of the transaction and a message which contains a participant account statement, and send them to the counterparties to the transaction.

¹ To facilitate clearing and settlement, BondSpot has delegated the transmission of SWIFT messages to the system operator MTS S.p.A.

2) Repos whose opening leg is settled at T+N, where N>0

1. BondSpot shall send to the custodian banks real-time SWIFT settlement messages MT541&MT543 which contain the terms of settlement of transactions according to

settlement instructions sent to KDPW. The format of such messages is defined in the procedure PR05.

2. BondSpot shall send to KDPW settlement instructions after the end of trading day. KDPW shall generate messages with the status of settlement instructions (with error reason description, if applicable) recorded in the system and send them to the counterparties responsible for the settlement of the transaction and to BondSpot.
3. KDPW shall keep sending messages with the status of settlement instructions during the day according to the KDPW schedule until the transaction is settled.
4. After receipt of a SWIFT message or a message with the status of settlement instruction, the custodian bank shall generate an instruction confirming the terms of settlement and send it to KDPW in due time necessary to settle the transaction according to the terms of the transaction.
5. KDPW shall match the settlement instructions from BondSpot and from both counterparties to the transaction/custodian banks; the transaction shall be presented for settlement on the date set in the repo.
6. After settlement, KDPW shall generate a message with the status of settlement instruction confirming the settlement of the transaction and a message which contains a participant account statement, and send them to the counterparties to the transaction.

3) Settlement instructions do not match or the conditions of settlement of the transaction are not met on the date set in the terms of settlement

Transactions may be settled at "DVP" settlement sessions in KDPW at the following hours: 10:30, 13:00, and 15:30 pm.

1. If the custodian bank(s) fail(s) to send a confirming instruction or in the absence of funds necessary to settle the transaction, the settlement of the transaction in KDPW shall be suspended.
2. Transactions whose terms of settlement are defined in the settlement instructions sent by BondSpot, which are not settled on the intended settlement date, shall remain pending settlement in the KDPW system for up to 30 business days after the intended settlement date.
3. If the confirmation is not sent or funds necessary to settle the transaction are not delivered in due time necessary to settle the transaction at the 15:30 session on the last day of the period referred to in point 2, the settlement instructions shall be deleted from the system. Such transactions may be settled if the counterparties to such transactions present matching settlement instructions to KDPW.
4. If the settlement of a transaction is suspended in the absence of funds, such transaction shall be presented for settlement at each settlement session until it is settled within the period referred to in point 2.³
5. When the custodian bank(s) send(s) a confirming instruction, the transaction shall be presented for settlement at the nearest settlement session.

3. Transactions may be settled in part on the terms defined in the applicable KDPW regulations.

6. In the case of suspension of the settlement of a repo (BSB) (the opening leg), the settlement date of the closing leg shall remain unaffected. The opening leg may be settled within the period referred to in point 2 but no later than the settlement date of

the closing leg provided that the opening leg and the closing leg are settled at least one settlement session apart. In the case of a tri-party repo, the opening leg should be settled no later than one day before the settlement date of the closing leg.

PR04 Contract between the System Participant and the Direct Participant to the National Depository for Securities (Krajowy Depozyt Papierów Wartościowych S.A. – KDPW) and the Registry of Securities (Rejestr Papierów Wartościowych – RPW)

BETWEEN

NAME OF SYSTEM PARTICIPANT

CONTACT NAME

TEL

FAX

E-MAIL

REGISTERED OFFICE/HEAD OFFICE

LEGAL STATUS

COUNTRY OF INCORPORATION

DATE OF INCORPORATION

COMPANY REGISTRATION NUMBER

ULTIMATE HOLDING COMPANY ORGANISATION

(hereinafter referred to as the "System Participant");

AND

NAME OF DIRECT PARTICIPANT

CONTACT NAME

CONTACT ADDRESS

TEL

FAX

E-MAIL

REGISTERED OFFICE/HEAD OFFICE

COUNTRY OF INCORPORATION

COMPANY REGISTRATION NUMBER

(hereinafter referred to as the "Bank");

WHEREAS

- a) The System Participant is a member of TBS Poland and as such enters into transactions for the purchase or sale of various securities, in particular Financial Instruments (as hereinafter defined) on MTS Poland.
- b) It is a condition of entering into transactions relating to Financial Instruments on TBS Poland that the System Participant has an access, whether direct or indirect, to the NDS and RPW ,so that the System Participant is able

to settle the transactions it enters into.

c) The System Participant does not have a securities account at the NDS and RPW. The Bank has third party account/s opened in its name on the books of the NDS and RPW in which securities held by the Bank on behalf of its clients are registered.

d) The System Participant wishes to settle the transactions on Financial Instruments it enters into on TBS Poland through the Bank's Third Party Account/s at the NDS and RPW. The Bank is willing to provide services to the System Participant to enable it to settle its transactions, on the terms and under the conditions specified below.

e) This Agreement is supplemental to a Custody Agreement dated _____ (the "Custody Agreement") entered into between the Bank and the System Participant.

NOW THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

Article 1. Definitions and Interpretation

1.1. In addition to any other defined words contained in this Agreement, the following words shall have the meaning set forth below:

"Settlement Messages" means any instructions issued by BondSpot S.A on behalf of the System Participant in connection with the settlement of Transactions, transmitted to the Bank by secure electronic means and in the format specified by the Company in the TBS Poland Rules;

"Cash account" and **"Securities account"** refer to the accounts held by the System Participant with the Bank;

"the Company" means BondSpot S.A a company incorporated under the laws of Poland and running TBS Poland

"Financial Instruments" means any financial instruments issued in zloty by the Polish Treasury and eligible for settlement either in NDS or in RPW;

"NDS" means National Depository for Securities, the clearing and settlement institution for zloty denominated Treasury Bonds

"RPW" means Registry of Securities, the clearing and settlement institution for zloty denominated Treasury Bills

"Settlement Instructions" means any instructions issued by the Bank on behalf of the System Participant in connection with the settlement of Transactions, transmitted to NDS and or RPW by secure electronic means and in the format specified by NDS and/or RPW;

"the System" or **"TBS Poland"** means the screen-based system organised and administered by the Company for trading of certain Eligible Securities (as defined in the TBS Poland Rules);

"Third Party Account" means the account/s opened in the name of the Bank on the books of NDS and RPW to settle transactions executed on TBS Poland by System Participants who are not direct participants to the NDS and RPW;

"TBS Poland Rules" means TBS Poland By-Laws and other regulations of the TBS Poland which may be set and amended by the Company from time to time;

"Transactions" means any transactions entered into by the System Participant on the TBS Poland System relating to Financial Instruments.

1.2 Save as otherwise provided, any reference in this Agreement to:

(i) this agreement or any other agreement or document shall be construed as a reference to this Agreement or, as the case may be, such other agreement or document as the same may from time to time be amended, varied, novated or supplemented;

(ii) a time of day shall be construed as a reference to Warsaw time.

1.3 Headings are for ease of reference only and shall be ignored in construing this Agreement.

1.4 The services to be provided hereunder and the parties' respective rights and obligations shall be governed by the terms of the Custody Agreement in addition to the terms of this Agreement. In the event of any discrepancy between the terms of this Agreement and the terms of the Custody Agreement the terms of this Agreement shall prevail.

Article 2. Transmission of Settlement Messages

The System Participant confirms that it has given full power and authority to the Company to transmit Settlement Messages to the Bank on its behalf in respect of Transactions and hereby authorises the Bank to accept Settlement Messages from the Company and to act thereon as if such Settlement Messages had been transmitted by the System Participant. Furthermore, the System Participant confirms that it has given the authority to the Company to receive all information concerning the settlement of Transactions and hereby authorises the Bank to transmit to the Company all such information when required according to the TBS Poland Rules.

Article 3. Transmission of Settlement Instructions

3.1 On the basis of the Settlement Messages sent by the Company if, in either case, there is sufficient Cash or Financial Instruments credited to the Cash Account or the Securities Account (as applicable), by close of settlement date, pursuant to the NDS and/or RPW Rules, the Bank will send Settlement Instructions to NDS and/or RPW, acknowledging that it must use the settlement details contained in the Settlement Messages.

3.2 The Bank expressly acknowledges that cannot send Settlement Instructions relating to Transactions if the Settlement Messages do not bear the correct identification code of the System Participant.

3.3 If the Settlement Instructions relating to Transactions have not been sent by the Bank to NDS and/or RPW by close of settlement date, the Bank will use its best efforts to send them to NDS and/or RPW immediately after this date.

Article 4 - Settlement of Transactions

4.1 Bank will, upon receipt from NDS and/or RPW, of a settlement confirmation, settle the Transactions by the appropriate debits from and credits to, the System Participant's Cash Account and Securities Account.

4.2 The Bank may suspend operation of this Agreement effective immediately at any time by giving written notice to the System Participant and the Company of said suspension. The Bank will settle Transactions concluded by the System Participant before such suspension is effective.

Article 5. Fees

[Fee provisions to be agreed individually by parties]

Article 6. Responsibilities

6.1 The Bank's sole obligation hereunder shall be to provide the services expressly set out in this Agreement, which it shall undertake with due and proper care. The Bank shall not assume any liability towards the System Participant or any third party for acting in accordance with the provisions of this Agreement and with Settlement Messages in respect of Transactions.

6.2 The Bank shall not be liable to the System Participant for any losses, costs, damages or expenses suffered or incurred by the System Participant arising directly or indirectly as a result of:

(i) any error by the Company in the transmission of Settlement Messages or in the contents of such Settlement Messages;

- (iii) the failure of the Company to transmit Settlement Messages to the Bank in relation to a particular Transaction;
- (iv) non settlement of any Transaction for any reason other than the negligence or wilful misconduct of the Bank;
- (v) any act or omission of NDS or RPW;
- (vi) the failure of any communications or computer systems (including those of TBS Poland and NDS and/or RPW) other than the Bank's;
- (vii) any force majeure event.

6.3 The System Participant undertakes to indemnify the Bank and to hold the Bank harmless from any loss or liability (including without limitation, reasonable attorneys' fees) incurred by the Bank as a result of (i) a breach by the System Participant of its obligations under this Agreement or (ii) carrying out Settlement Messages.

Article 7. Termination

7.1 The parties have agreed that the duration of this Agreement is indefinite.

7.2 Either party may terminate this Agreement by informing the other party, even without any forewarning. The termination must be communicated to the Company by the terminating party via register letter fax or by other means providing certified proof that the notification has reached the other party.

7.3 Subject to receipt of the communication described in clause 7.2, the Company will proceed immediately to make the necessary interventions at system level to reflect the termination of the Agreement.

7.4 Termination of this Agreement for any cause shall not affect the rights and obligations of the System Participant and/or the Bank existing or outstanding at the date the termination takes effect under this Agreement.

Article 8. Governing law and jurisdiction

This Agreement shall be governed by and construed in accordance with Polish law. In connection with any suit, action or proceedings relating to this Agreement, the System Participant hereby submits to the exclusive jurisdiction of the courts of Warsaw.

Dated as of _____, and issued in duplicate

[SYSTEM PARTICIPANT]

by
Name

Title
By

Name

Title

[BANK]

by
Name

Title
by

Name

Title

PR05 Format of SWIFT settlement messages for the repo market

MT 541 and 543 SWIFT MESSAGES: PROPOSED FORMAT OF MESSAGES TO BE SENT TO THE POLISH CUSTODIANS

The tables below report the format of Swift messages to be sent to the Polish custodians for trades executed on TBS Poland Market - repo market, as agreed during the meeting of 5th January

REPO TRADES

For each repo trade, 2 messages are sent to each custodian: one for the spot leg and one for the term leg.

**MT541 – MT543
Repo Format**

Sequence A – General information MT541 / MT543						MANDATORY
How	Tag ¹	Codeword	Ex-Tag MT54x	Description/Field use	Contents	Comments and examples
F	:16R:			Start of block	GENL	GENL
FV	:20C::	SEME	SEME//Tag20	Repo message reference	SEME//16x	<p>SEME//000002PCT0704193 SEME//000002PCT1704193 SEME//000002PCT0504193 SEME//000002PCT1504193</p> <p>The one reported below is the structure of the reference suggested during the meeting. It must be confirmed by custodians on the basis of the KDPW tests results</p> <p>TTTTTTXXXNNYYDDD</p> <p>Where:</p> <ul style="list-style-type: none"> • TTTTTT : trade number • XXX : ‘PCT’ : for both spot and end leg • NN: 07 for messages sent for the SPOT buyer; 05 for messages sent for the SPOT seller • 17 for messages sent for the END buyer, 15 for messages sent for the END seller • YY: last two digits of the trading year • DDD : trading date in Julian format (266 over 365 days) <p>For the cancellation message the reference is equal to the original message but for the Julian date which is equal to the one of the original message+500</p>
F	:23G:	New Trade		Message function		NEWM
		CANC		Request to cancel a previousMT541/MT543		CANC
Sequence A1 – Linkages						OPTIONAL
F	:16R:			Start of block	LINK	LINK

TBS Poland Market Trading and Settlement Practices

FV? (M)	:20C::	PREV	Only for MT543 or MT541 TERM LEG (in NEWM messages)	If MT541, the tag20 of MT543 SPOT LEG is or If MT543 the TAG20 of MT541 SPOT LEG is	:PREV//16x	PREV//000002PCT0504193 PREV//000002PCT0704193 (Note: reference to spot leg is not present any longer in end term cancellation messages.)
FV? (M)	:20C::	PREV	Only for MT543 or MT541 TERM LEG (in CANC messages)	Previous reference: TAG20 of MT541/3 to cancel	:PREV//16x	:PREV//16x
F	:16S:			End of block	LINK	LINK
End of sequence A1						
F	:16S:			End of block	GENL	GENL
End of sequence A						
Sequence B – Trade details						<i>MANDATORY</i>
F	:16R:			Start of block	TRADEDET	TRADEDET
M	:94B:	TRAD		Place of Trade	:4!c/[8c]/4!c/[30x]	TRAD//EXCH/TBSP
FV	:98A::	SETT	30	In case of MT541/543 SPOT LEG, the Settlement date is the one of the Spot leg In case of MT541/543 TERM LEG, the Settlement date is the one of the TERM LEG	:98A::SETT//8!n	SETT// yyyymmdd
FV	:98A::	TRAD	31P	Trade date	:98A::TRAD//8!n	TRAD// yyyymmdd

FV	:35B:		35B	“ISIN”+blank+ISIN CODE OF THE BOND+description (description used on TBS Poland market)	[ISIN1e12!c]	ISIN PL0000003455 POLTB 4JAN06

End of sub-sequence B1						
F	:16S:			End of block	TRADEDET	TRADEDET

End of sequence B						
Sequence C – Financial instrument/account						<i>MANDATORY</i>

F	:16R:			Start of block	FIAC	FIAC
FV	:36B::	SETT	35A	Quantity of financial instrument to be settled	:SETT//4!c/15d	SETT//FAMT/5000,
FV	:97A::	SAFE	83A	Account of the Sending Bank c/o its Custodian (Max 35 chr)	:97A::SAFE//35x	SAFE//906049019050 Account of the participant in the custodian books. As discussed during the meeting, MTS pre-settlement database can keep for each client a dedicated account per each bond type, therefore, for example, an account for T-Bills different from the one used for Bonds
F	:16S:			End of block	FIAC	FIAC

End of sequence C						
Sequence E – Settlement parties –						

F	:16R:			Start of block	SETDET	SETDET
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TBS Poland Market Trading and Settlement Practices

FV	:2F::	SETR		SETR//REPU	SETR//REPU	SETR//REPU
Sub-sequence E1 – Settlement parties – Details of the CP's agent						<i>MANDATORY, REPETITIVE</i>
F	:16R:			Start of block	SETPRTY	SETPRTY
FV	:95P::	DEAG/REAG	87A	If MT541 : DEAG//bic bic:Cp's BIC custodian (CUS of seller) In case the counterpart settles via its own account, the counterpart's BIC will be reported	DEAG//bic	DEAG//
				se MT543 : REAG//bic bic: Cp's BIC custodian (CUS of buyer) In case the counterpart settles via its own account, the counterpart's BIC will be reported	REAG//bic	REAG//
F	:16S:			End of block	SETPRTY	SETPRTY
End of sub-sequence E1 – Details of the CP						
F	:16R:			Start of block	SETPRTY	SETPRTY
FV	95P::	BUYR/SELL		If MT541 : SELL//bic CP's bic code (bic code of the selling bank)	SELL//bic code	SELL//
				if MT543 : BUYR// bic code CP's bic code (code of the buyer bank)	BUYR//bic code	BUYR//
FV	95Q::	alternatively BUYR/SELL		If MT541 : SELL//trading code CP's MTS code (MTS code of the selling bank)	SELL//trading code	SELL//22003MSTAL In case the counterpart do not have a BIC, the option will be used, instead of the option P NOTE FROM MTS: MTS HAS TO CHECK IF IT IS FEASIBLE TO USE EITHER OPTION P OR OPTION Q DEPENDING ON THE COUNTERPARTS, OTHERWISE FOR PCT WE WILL HAVE TO USE ALWAYS OPTION Q. MTS WILL REVERT ON THIS ASAP
				If MT543 : BUYR// bic code CP's MTS code (code of the buyer bank)	BUYR//trading code	BUYR//35070LMNB
F	:16S:			End of block	SETPRTY	SETPRTY
End of sub-sequence E1 – Bic of CSD						
F	:16R:			Start of block	SETPRTY	SETPRTY
FV	:95P::	PSET//bicCSD		Bic CSD (NBB)	PSET+Bic CSD	PSET//NBBEBEBB216
F	:16S:			End of block	SETPRTY	SETPRTY
End of sub-sequence E1						
Sub-sequence E3 – Amounts						<i>MANDATORY</i>
F	:16R:			Start of block	AMT	AMT
FV? (M)	:19A::	SETT	32B	Cash amount & ISO currency	:SETT//[N]3!a15d	SETT//EUR825582,47
F	:16S:			End of block	AMT	AMT
End of sequence E3						
F	:16S:			End of block	SETDET	SETDET
End of sequence E						
End of Message						

PR06 Schedule of transmission of settlement instructions to Clearing Institutions and Settlement Institutions

Repo transactions

<u>Phase</u>	<u>Trading hours</u>	<u>Scope</u>	<u>Transfer to settlement institutions</u>
<u>Phase 1</u>	<u>Transactions concluded and allocated up to 9:30</u>	<u>T+0 transactions</u>	<u>Transfer up to 10:00 KDPW session at 10:30</u>
<u>Phase 2</u>	<u>Transactions concluded and allocated from 9:30 to 12:00</u>	<u>T+0 transactions</u>	<u>Transfer up to 12:30 KDPW session at 13:00</u>
<u>Phase 3</u>	<u>Transactions concluded and allocated from 12:00 to 14:30</u>	<u>T+0 transactions</u>	<u>Transfer up to 15:00 KDPW session at 15:30</u>
<u>Phase 4</u>	<u>Transactions concluded and allocated from 7:45 to 17:00</u>	<u>T+N transactions where N>0,</u>	<u>Transfer up to 17:30 – KDPW sessions on the next day</u>

1. If GC transactions are not be allocated by the time specified in the 'Trading hours' column, they shall be sent in the next phase.
2. Settlement instructions may be moved to the next phases in particularly justified cases. The Company shall notify Market Participants thereof.

Cash transactions

<u>Phase</u>	<u>Trading hours</u>	<u>Scope</u>	<u>Transfer to the settlement institution KDPW CCP</u>
<u>On-line</u>	<u>Transactions concluded during the trading day from 9:00 to 17:00</u>	<u>T+2 transactions</u>	<u>Transfer immediately after trading takes place</u>

PR07 Settlement cycle for the opening leg of repos

1. According to Article 5(2) of Regulation (EU) No 909/2014 of the European Parliament and of the Council on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012, the settlement date of the opening leg of a repo shall be no later than on the second business day after the trading takes place.
2. Further to the foregoing, pursuant to Ad. 4 of Annex O to the Treasury BondSpot Poland Market Rules, the Company will cancel all trades where the intended settlement date of the opening leg is later than T+2.
3. According to the Detailed Rules of Operation of KDPW, such trades shall not be accepted for settlement by the Settlement Institution.