



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)

(text consolidated at November 7th, 2011)

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;
“Benchmark Securities”	means the Traded Securities specified by the Minister of Finance in consultation with the Securities Market Participant Board, Securities offerings, especially those concerning fixed income bonds with a maturity of no less than one year and a nominal value of no less than PLN 2,5 billion, as listed in Annex B, which may be amended from time to time;
“Board”	means the Management Board of the Company;
“Company”	means BondSpot S.A.;
“Custodian”	means an entity by which the Participant of Treasury BondSpot Poland settles its transactions in the clearing and settlement institutions enumerated in the Annex H;
Institutional Investor	means an entity specified in Section I of Annex II of the Directive 2004/39/WE of the European Parliament and the Council of 21 April, 2004; “Issuer” means the Minister of Finance;
“Issuer Agent”	means the Participant indicated by the Issuer authorized to conclude the contracts on the Market on behalf of the Issuer, as set out in Annex Q;
“Liquid Securities”	means the Traded Securities having a significant market share in the Market, which may be amended from time to time, excluding the Benchmark Securities, as listed in Annex B;
“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 trading on the Market via the System by Proposals and Applications entry;
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 to trading on the Market via the System only by Applications entry;
“Member State”	means a Member State of the European Union;
“Participant”	means: (i) any institution admitted to trading on the Market by Board, as Market Maker or Market Taker or Institutional Investor,

	(ii) in respect of (i) above (“the Sponsor”) a subsidiary or branch thereof in which case the Sponsor and the subsidiary or branch have applied jointly to the Board to take part in the Market and which application has been accepted by the Board and, in each case, which has not been excluded nor has resigned pursuant to the Market Rules;
“Price”	means the amount representing the percentage of the nominal amount of the Traded Security payable in respect of such sale, excluding accrued interest, which may also be expressed by reference to an interest rate;
“Subsidiary”	means an entity controlled by another entity, as set out by relevant law regulations;
“Proposal”	means the offer to buy or sell made via the System, 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, as listed in Annex B, 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;
“Sponsor”	means a Market Maker which has requested that the Board permits its subsidiary or branch to take part in the Market as a Participant;
“Spread”	means the arithmetic difference between the price or yield of a Proposal to buy and of a connected Proposal to sell (bid/ offer) expressed as a percentage and which determines the obligations for Market Makers as set out in Annex G expressed in either ticks or basis point, where 1 tick represents 0.01 % of the par value of the Traded Security and 1 basis point represents 0.01 % of the yield-to-maturity (360 days) of the Traded Security;
“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, as well as other treasury securities specified by the Issuer and foreign currency denominated state treasury securities listed on other MTS markets; 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, except for the Annexes A, B, E, G, I, J, M, N, and Q which are made and may be amended without approval of the Supervisory Board.

3. Participants are required to pay fees for using the System, according to rules in Annex P to the Market Rules.
4. Participants are required to accept the terms and conditions of the Market Rules and act accordingly.
5. 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 at least electronic notification, except for Sec. 6.
6. Any amendment to Annex B of the Market Rules will be made available to the Participants at least three Trading Days preceding their effective date.
7. The Company may shorten the term indicated in section 5 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 shall at least include electronic notification.
8. 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.
9. The Market 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.
2. Institutional Investors may be admitted to trade conditional contracts on the Market pursuant to Art. 26 of these Market Rules or to trade based on the principles stipulated in Annex K.
3. To be admitted to trading, the institutions referred to in paragraph 1 and 2 must:
 - a. have suitable links with the clearing and settlement institutions specified in Annex H 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 Sec. 2, 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 of the European Parliament and the Council of 21 April, 2004 that wish to be admitted to trading on the Market must fulfill 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 thirty 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 fulfills conditions set forth in Articles 3 and 4; such date should be fixed not later than 30 days after the date of the Board's resolution on admission.

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 thirty 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 fulfills conditions set forth in Articles 3 and 5; such date should be fixed not later than 30 days after the date of the Board's resolution on admission.

Article 9 - Admission procedures for Institutional Investors

1. The Institutional Investors, that wish to be admitted to trading on the Market 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 thirty 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 fulfills conditions set forth in Articles 3.5; such date should be fixed not later than 30 days after the date of the Board's resolution on admission.

Article 10 - 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.

Article 11 - Sponsorship

1. Subject to the submission to the Company of a duly completed application in such form as specified by the Board and confirmation to the satisfaction of the Board that as Sponsor it shall remain jointly and severally liable in all respects for the obligations and liabilities of the Subsidiary / branch of the holding company resulting from its activities on the Market, a Market Maker may request that such Subsidiary / branch be accepted as a Participant. The Subsidiary / branch of a Sponsor must satisfy the Board that:
 - a. it is a Subsidiary / branch of a Market Maker;
 - b. it has suitable links with clearing and settlement institutions specified in Annex H for the settlement of trades on the Market.
2. The Board shall determine, in its absolute discretion, whether or not to accept such an application from the Subsidiary/ branch of a Sponsor.
3. The Company shall maintain a list of those institutions, which are for the time being and from time to time Participants on the Market, mentioning the status under which they are present in this market.

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;
- 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 for utilization of the System;
- 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 fulfillment of the conditions referred to in Articles 3 and 4;
- b. to demonstrate at least once a year, their continuing satisfaction of the conditions for admission referred to in Articles 3 and 4. The Company may require the presentation of any data, information or documents useful to confirm that the Participant fulfills the conditions referred to in Articles 3 and 4. including certifications from auditing companies;
- c. to notify the Company immediately in case of breach of any of the undertakings in paragraphs a. and b. 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 fulfillment of the conditions referred to in Articles 3 and 5;
 - b. to make Proposals on the System in at least the relevant minimum amount, as set out in Annex C 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 concerning the maximum spread and the minimum quote period, provided that this

obligation shall not apply to a Traded Security while it is suspended from trading on the Market;

- c. to demonstrate at least once a year their continuing satisfaction of the conditions for admission referred to in Articles 3 and 5. The Company may require the presentation of any data, information or documents useful to confirm that the Participant ensured continuing fulfillment of the conditions referred to in Articles 3 and 5., including certifications from auditing companies;
 - d. to notify the Company immediately in case of breach of any of the undertakings referred to in paragraphs a, b and c 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 fulfillment of the conditions referred to in Articles 3 and Article 6;
- b. to demonstrate at least once a year, their continuing satisfaction of the conditions for admission referred to in Articles 3 and Article 6. The Company may require the presentation of any data, information or documents useful to confirm that the Participant fulfills the conditions referred to in Articles 3 and Article 6., including certifications from auditing company;
- c. to notify the Company immediately in case of breach of any of the undertakings referred to in paragraphs a. and b. above and Article 12.

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, set forth in Annex H 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 buy back 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. Only a Market Maker, which has not been suspended, or to whom suspension no longer applies, may make Proposals in relation to Traded Securities on the Market.
2. Each Proposal to buy a Traded Security must be made with a corresponding Proposal to sell the Security. Each Proposal to sell a Traded Security must be made with a corresponding Proposal to buy the Security.

3. Proposals in respect of Traded Securities shall be formulated in accordance with the quotation, spread and other obligation specified in Annex G.
4. Proposals may be modified at any time, as specified in Annex G, but a Market Maker is obliged to conclude all contracts, at the price quoted and up to the volume offered, for those Applications, which have been confirmed by the System prior to reception of such modification.
5. 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.
6. Maximum spread shall be set by the Company in accordance with the Issuer, after consultation with RUR.
7. Irrespective of the quotation obligations as referred to in Sec. 2, a Market Maker may submit on the Market only the Buy or only the Sell proposals for TS's. The requirements of Annex G shall be applicable to these proposals only in respect to the minimum quotation unit.

SECTION V - CONTRACTS

Article 22 – Trades

Trades shall be carried out by Participants in their own name and on their own account.

Article 23 – Types of Contracts

The Board shall determine and shall specify in Annex D the types of contracts by means of which each Traded Security may be traded on the Market.

Article 24 – Conclusion and registration of contracts

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 the contracts concluded on the Market shall be registered by the Company in an electronic form, by the procedures laid down by the Company in Article 27.
4. 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 contracts

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 Contracts

1. The conditional contracts – repo, sellbuy back and buysell 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 contract, 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. Particular rules of the conditional contracts are specified in Annex R.

Article 27– Procedures for the registration of contracts

1. The Company shall create an electronic record, in which the data regarding the contracts executed on the System are registered in real time. For each separate contract the following information in particular shall be recorded:
 - a. identification number;
 - b. shortened name of the Securities subject for the contract, and the quantity;
 - c. type of contract;
 - d. price;
 - e. nominal value of the Securities subject for the contact;
 - f. time of concluding the contact and 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 and settlement institutions indicated in Annex H, the execution contracts shall take place according to the rules set out in Annexes I and J.
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 and settlement institutions specified in Annex H and to receive lists of the contracts which have not been executed or contracts which have been canceled either via the System or by other means.

4. Participants referred to in paragraph 2, shall settle transactions by a Custodian only on the basis of settlement messages it received directly from the Company, and provides the Company with the information on the course of settlements.
5. Settlement messages shall be issued and sent by the Company on behalf of a given Participant directly to the Custodians.
6. 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.

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 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.
8. 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.
9. 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 lists of Securities that are traded on the Market, with indication of Benchmark Securities, Liquid Securities, Securities eligible for the fixing procedure as well as other types of securities.

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 operating rules of the Market Committee 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 a Participant, or linked with a 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.
3. The Market Committee may, on its own initiative, perform all necessary activities in order to settle any matter relating to the breaches or may request the Board to conduct the necessary explanatory procedures pursuant to Art. 36.5.
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 Market Committee may impose penalties provided for herein in paragraph 3 below. The Market Committee shall impose penalties on a non-discriminatory basis, taking into account the gravity and consequences of such breach, and whether actions or omissions giving rise to a breach by the Participant were intentional. The Board shall notify the Participant of a detected breach.
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:
 - a. give a warning to a Participant if in the event that it is established that by taking a specific action the Participant is in breach of the provisions of these Rules, as long as in the Committee's opinion such breach does not constitute a gross breach of the rules of conduct prevailing on the market;
 - b. 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;
 - c. suspend a Participant from the Market for a definite term, for no more than 6 months, if it determines that the Participant:
 - (i) does not pay in time the fees it is obliged to pay under the Market Rules; or
 - (ii) breaches orderly functioning of the market or the Market Rules, or
 - (iii) by its actions it poses a threat to the safety of trading on the Market;
 - d. disqualify a Participant from the Market if:
 - (i) during suspension period, the Participant did not cure the breach; or
 - (ii) 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 3 in accordance with the terms and conditions specified in the Market Committee's decisions.

Article 37 – Obligatory suspension and exclusion of Participants

1. A 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 any of the conditions set forth in Article 3, Article 4, Article 5, Article 6 or Article 11 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 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.
2. A Participant shall be excluded from the Market if:
 - a. the Participant ceases to be one of the entities referred to in Article 3.1, 3.2 or Article 11. 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 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 36.5. and 36.6 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 willful 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 Arbitration Court of National Chamber of Commerce, in accordance with rules of that court; such Court shall decide by applying Polish law.

Article 40 – Transitory Provisions

The entities which executed with the Company an agreement on participation in the Electronic State Treasury Securities Market shall become Market Participants as of the day these Market Rules shall take effect, as long as by that day they submit to the Company the statement that they intend to participate in the Market and they agree to comply with the Market Rules, together with any other possible document deemed necessary by the Board on a case by case basis. The statement on the intent to participate in the Market shall be made in accordance with the form specified by the Board.

ANNEX A – MATURITY BUCKETS

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	+ 11 years

ANNEX B – LIST OF SECURITIES TO BE TRADED

Benchmark Securities	(list as on the date of 07/11/2011) Fixed rate 5,25% PS0413, Fixed rate 5,75% PS0414, Fixed rate 5,50% PS0415, Fixed rate 5,00% PS0416, Fixed rate 4,75% PS1016, Fixed rate 5.00% DS1013, Fixed rate 6.25% DS1015, Fixed rate 5.25% DS1017, Fixed rate 5.50% DS1019, Fixed rate 5.25% DS1020, Fixed rate 5.75% DS1021, Fixed rate 5.75% WS0922.
Liquid Securities	- - - - -
Regular Securities	other Treasury Bonds other Treasury Bills

The list of Benchmark, Liquid and Regular Securities shall be made public by the Company and shall be made available to Participants by the publication on the System from time to time.

ANNEX C – MINIMUM TRADING QUANTITY

Minimum trading quantity is expressed in face value of securities being its object.

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

Odd lots of PLN 2.5 million and multiples up to PLN 5 million for Benchmark Securities, Liquid Securities and Regular Securities are subject to Market Maker's acceptance.

ANNEX D – TYPES OF CONTRACTS

1. Buy and sell transactions in spot date (cash market trade),
2. Conditional Contracts (repo market trade).

ANNEX E – TRADING HOURS – Central European Time (“CET”)

I. 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 by way of the Insertion Page. 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 signaling 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.

II. Repo Market

- 1. 7.45 a.m.– 4.45 p.m** On the Repo Market it is possible to conclude the conditional transactions with restriction, that conditional transactions 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

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

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 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 single-sided bid/offer proposals.
6. 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.

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

ANNEX H – CLEARING AND SETTLEMENT INSTITUTIONS

1. The National Depository for Securities (Krajowy Depozyt Papierów Wartościowych S.A - KDPW) – for the transactions effected on Treasury Bonds Market,
2. Registry of Securities (Rejestr Papierów Wartościowych –RPW), operated by National Bank of Poland – for the transactions effected on Treasury Bills Market.

ANNEX I – CLEARING AND SETTLEMENT PROCEDURES

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 set by KDPW. To settle treasury bond transactions concluded on the Market, the Company provides KDPW with documents, in an electronic form, confirming that such transactions were concluded, within the time limits provided for in the KDPW regulations.
2. KDPW settles transactions concluded on the Market via a system of multilateral session.
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).
4. Execution of liabilities resulting from Treasury Bond transactions concluded on TBS Poland is not covered by the settlement fund organized and managed by KDPW.
5. 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.
6. 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.
7. Settlement of transactions in KDPW and RPW follows the DVP (Delivery versus Payment) rules, according to which in a given of settlement deadline, at the same time the money account is debited and Treasury Securities are registered on deposit accounts.
8. In case of transaction settlement deadline is not kept, Participant is responsible for taking proper measures for its correct settle, according to KDPW and RPW practice.
9. The settlement of the transactions executed on the Market shall be performed based on the settlement calendar applied by the clearance and settlement institutions listed in the Annex H, notwithstanding the provisions of Item 10.
10. 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 clearance and settlement institutions listed in the Annex H as at that settlement date.
11. Forthwith after concluding of a transaction, BondSpot S.A. provides the parties to such transaction with the confirmation of its conclusion.
12. When a transaction is concluded by a Participant that settles transactions by a Custodian the Company immediately provides the Custodian with settlement messages in the SWIFT standard, with the content specified by the Company.
13. 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.

ANNEX J – SETTLEMENT CYCLE

1. The settlement period for cash market transactions is T+2, where T indicates the trade date.
2. The settlement period for repo market transactions is T+0 or any other standardized in settlement period in the System agreed by the parties to the transaction.

Annex K – Trading Principles in the Institutional Segment

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. All TS admitted to trading on the Market 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, Item 9 and Item 10 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.
10. The investment fund company may submit one Order with the volume equal to the total volume of all the Orders submitted by the individual investment funds managed by this investment fund company.
11. The Company shall provide in the system information about transactions executed in this segment to the extent provided for in § 31 Sec. 2 of the Market Rules, to all Institutional Investors. The disclosure of information from the Institutional Segment to Institutional Investors shall be subject to § 31 of the Market Rules, excluding the provisions of Sec. 7.

ANNEX L -ASSIGNMENT OF LIQUID SECURITIES TO MARKET MAKERS

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.

ANNEX M –DAILY STATISTICS

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 average weighted price;
 - (f) the volume negotiated.Where items (c) – (f) are set according to spot market day's transactions.

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

In the event that a Participant is unable to verify on its screen the contracts it has executed on the Market, the following alternatives are available in order to obtain information about the Market and the contracts it has executed:

1. Telephone BondSpot S.A. staff authorized by the Board, who should be able, through the SIA *Datafeed Monitor*, to verify all the contracts executed on the Market and inform about the contracts concerning a particular Participant.
2. In the event that BondSpot S.A. is unable to access the SIA *Datafeed Monitor*, then SIA SpA should be directly contacted to provide the necessary information.
3. In the event that SIA is unable to access the SIA *Datafeed Monitor*, it is possible to resort to an alternative tool (*Tandem Monitor*), which is connected directly to the central system on a local network and through which the necessary information may be extracted.
4. In the event that the *Tandem Monitor* is also unavailable for use, SIA can use a utility program called *Enform*, typical of the Tandem platform, through which it is possible to directly access the contract archive contained in the mass memories (disk) in order to extract the necessary information. It should be noted that the archives are duplicated, as the system is *Fault Tolerant*. Further back up is provided by a second duplication of the archives on the *Disaster Recovery* site.

ANNEX O – TRADE CANCELLATION REQUEST

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 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 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 ticks:
 - a) from the price of the last transaction executed within 5 minutes before the execution of the transaction subject to the cancellation request;
 - b) in case the price cannot be determined in a manner referred to in sub item a), from the transaction price determined based on the best buy and sell offer as at the execution of the transaction subject to the cancellation request;
 - c) 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.
- 8) In order to obtain the opinion referred to in Item 7 sub item c), the Company shall apply to the proxies of the Participant authorised to operate on the Market, 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 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 6 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

1. Minimum transaction fee

- Each Participant, subject to Chapter III point 2 of this Annex, is charged minimum transaction fee, which gives the Participant the right to conclude, in given month, 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.
- Minimum transaction fee is charged regardless of the volume of transactions concluded in given month.
- 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.
- 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.
- 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
The volume of transactions (monthly limit) included in minimum transaction fee	Minimum fee [PLN]
1 billion PLN	20,000.00 PLN

Table B

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

2. Transaction fees above the minimum transaction fee

1. For the volume of transaction exceeding the monthly limit presented respectively in Table A and Table B, transaction fee is charged according to the volume of transactions concluded as in the tiers presented in Table C for Market Makers and Table D for Market Takers. The transactions volumes are calculated monthly in accruals.
2. Both parties of the transaction are charged with a fee.
3. 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

Transaction tiers above the monthly limit	Market Maker	
	Fee [%]	Fee per 1 million volume of the transaction concluded
between 1 and 3 billion PLN	0,0015 %	15 PLN
between 3 and 5 billion PLN	0,001 %	10 PLN
excess of 5 billion PLN	0,0005 %	5 PLN

Table D

Transaction tiers above the monthly limit	Market Taker	
	Fee [%]	Fee per 1 million volume of the transaction concluded
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 the case of volume of transaction not lower than PLN 150 m concluded on the basis of RFQ, transactions fees are charged as in Table E.
2. Transaction volume, as mentioned in the article 1, is not included in the transaction volume as presented in Table A for Market Maker and in Table B for Market Taker.
3. Both parties are charged with transaction fees.

Table E

Fee in %	Fee per 1 million volume of the transaction concluded
0.001 %	10 PLN

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

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

III. TRANSACTION FEES FROM CONDITIONAL TRANSACTIONS (REPO MARKET)

1. The volume of conditional 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 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. Both parties are charged with transaction fees with the exception of the Issuer Agent.

Table G

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

Table H

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

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

IV. OTHER FEES

1. Fees associated with cancellation of the transaction
 - 1) Except for item 4, 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 fee on the principles laid down respectively in Chapter II or III.;
 - b) fee for the cancellation of the transaction equal PLN 1,000 from each party, except for paragraphs c.
 - c) fee for cancellation of the transaction equal PLN 2,000 from the party which undertook to pay a fee from both the sides.
 - 2) Except for item 3, in case of a unilateral transaction cancellation (Sec 2 Annex O) shall be taken:
 - a) transaction fee on the principles laid down respectively in Chapter II or III only to the counterparty requesting the cancellation of this transaction;
 - b) fee for cancellation of the transaction equal PLN 2,000 only to the counterparty requesting the cancellation of this transaction."
 - 3) In case of cancellation described in item 6 of Annex R to the Rules exclusively to the counterparty who has made the allocation shall be taken:
 - a) transaction fee on the principles laid down in Chapter III,
 - b) fee for cancellation of the transaction equal PLN 2,000,
 - 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.

V. 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. 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.
6. 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 Republic of Poland.
7. 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 contracts

1. A conditional 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. 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.
2. The Repo contract that can be executed on the Market is Buy Sell Back Repo (BSB) and Repo Classic, and participants may trade both Specific Bonds and General Collateral transactions. These can be distinguished from one another in the manner by which the Collateral is defined pre or Post trade:
 - a) Special Repo – When a specific security (TS) is the subject of the transaction;
 - b) General Collateral (GC) – When no specific security is defined until after the point of trade.
3. All the TS admitted to trading, excluding indexed bonds, may be subject to repo contracts, except for Sec. 4.
4. Certain restrictions apply to the listing and trading of Securities on the Repo market:
 - a) The Company, after consultation with the participants, define which securities (TS) may be allocated as General collateral;
 - b) A repo contract cannot be entered in to when the settlement date falls after and the Value date falls before the record date (settlement date where the right to the Coupon is determined; the owner of the TS on this day is entitled to receive the Coupon).
5. Trading hours for repo contracts are described in Annex E.
6. The allocation of Securities against a General Collateral trade must take place within a 2 hour window of the trade time and before the cut-off time for allocation which comes 15 minutes after the close of the market trading phase whichever comes first. The seller may allocate not more than 4 series of securities. In case of allocating more than 4 series of securities, the Company at the request of the buyer will cancel the general collateral transaction.
7. Securities (TS) may be traded in a minimum size of PLN 2.5 million or any complete multiple of this amount.
8. The participants 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.
9. 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 and except Annex Q.
10. 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:
 - a) name of TS, excluding the general collateral proposal;
 - b) term;
 - c) repo rate;
 - d) volume.
11. Except for Sec. 12, 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. Unless the Company determines otherwise, deadline is 300 seconds.
12. A Repo transaction is concluded as a result of the RFO proposal submitted by the Participant as binding if both parties confirm the execution of this transaction within the deadline set by the Company, counting from the submission of this proposal. Unless the Company determines otherwise, deadline is 300 seconds.

- 12a. The Company, in consultation with the Participants, may change the time referred to in Sec. 11 or 12
13. 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 aggressed by all participants. If a subsequent order is sent against the same proposal, 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. 14. This provision shall not be applicable to Repo transactions executed based on RFP proposals.
14. A participant may refuse to confirm of a repo transaction at the time referred to in Sec. 11. 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.
15. 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.
16. The Company provides the Participants in the System with the following real time information about the transactions entered during a day:
- Repo rates, the volume of the best repos and reverse repos for the individual terms and Participants' code;
 - Repo rate, the volume and times of the last transactions;
 - confidential presentation of the list of transactions executed by a given Participant.
17. Repo rate means the value of the annual 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:

- 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),
- If the price was not determined based on Item 1 – the average put/call offer prices from the money market – Treasury BondSpot Poland,
- 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,
- If the price was not determined based on 1, 2 and 3 – the issue price of a given TS