

Resolution No. 26/15
of the KDPW_CCP S.A. Management Board
dated 31 December 2015
amending the Detailed Rules of the OTC Clearing System

Pursuant to § 3 subpara. 2 of the Rules of Transaction Clearing (Non-organised Trading) and § 19 subpara. 2 of the Statute of KDPW_CCP S.A., the Management Board of KDPW_CCP S.A. resolves as follows:

§ 1

Appendix No. 7 to the Detailed Rules of the OTC Clearing System, attached to Resolution No. 18/2012 of the Management Board of KDPW_CCP S.A. dated 19 December 2012 (as amended) shall be replaced respectively by Appendix No. 1 hereto.

§ 2

This Resolution shall come into force on 19 January 2016.

Sławomir Panasiuk
Vice President
of the Management Board

Appendix 7 to the Detailed Rules of the OTC Clearing System

Detailed rules of calculating collateral limits and credit limits

Collateral limits referred to in § 1 subpara. 18 of the Clearing Rules and § 20 subpara. 1 and 1a of the Detailed Rules of the OTC Clearing System and credit limits referred to in § 1 subpara. 19 of the Clearing Rules are calculated as follows:

1. Collateral limit

The collateral limit is equal to the recognised margins deposited by a participant for own positions and client positions, registered in own and client clearing accounts maintained by KDPW_CCP for the participant to which collateral accounts are assigned, whereby collateral deposited for clients' positions is recognised up to the requirement calculated for the positions while collateral deposited for the participant's own positions is recognised in the amount deposited by the participant. The participant's collateral limit is calculated according to the following formula.

Figure 1. Collateral limit (CL)

$$CL = \sum_{PB\ Client} \min(IMR_{PB}, Coll_{PB}) + Coll_{House}$$

where:

IMR_{PB} - margin requirement for account PB calculated according to the following formula:

$$IMR_{PB} = \max(IM_{PB} + OutMtM_{PB} + SAdj_{PB}, 0)$$

where:

IM_{PB} – initial margin calculated for the collateral account PB

$OutMtM_{PB}$ – value of transactions accepted for clearing today, registered in the clearing account assigned to account PB, or value of transactions concluded as a result of closing of positions on demand or automatic closing of positions calculated for the clearing account assigned to account PB

$SAdj_{PB}$ – adjusting amount determined for the clearing account assigned to account PB, resulting from accepted quotes of a participant taking part in automatic closing of positions or closing of positions on demand

$Coll_{PB}$ – recognised value of collateral in account PB

$Coll_{House}$ – recognised value of collateral in participant's own account PB

Available collateral limit

The available collateral limit for a participant is the difference between the collateral limit and the sum of the margin requirements. A negative figure stands for a collateral limit overrun (deficit).

Figure 2. Available collateral limit (AL)

$$AL = CL - \sum_{PB} IMR_{PB}$$

Collateral limit utilisation is reported to participants in a Participant Notification message.

2. Credit limit

Credit limits are calculated as the aggregate of the calculated collateral limit and the participant's creditworthiness rated by KDPW_CCP.

The credit limit is always greater than or equal to the participant's collateral limit.

Credit limit utilisation is reported to participants in a Participant Notification message.

3. Clearing account and collateral account limits

Participants may set margin limits for each client clearing account and collateral account.

Clearing account (PA) and collateral account (PB) limits may be:

- for information only, or
- binding.

Utilisation or overrun of limits for information only is reported only to the participant in a Participant Notification message.

If a binding limit is set for an account, where a new trade associated with the account is submitted to KDPW_CCP such that it would cause the limit to be exceeded, the trade will not be accepted for clearing. This is reported to the participant in a Participant Notification message.