

## ACCOUNTS – BASIC INFORMATION

### CLIENT CLASSIFICATION NUMBER (NKK)

Every participant holding clearing member status is required to define the attributes of clearing accounts maintained for it, including in particular the client classification number (NKK) which is assigned on request of the clearing member filed by sending an XML message ([acmt.rqc.001.03](#)). A request is forwarded to KDPW\_CCP (receiver '0010').

Attributes are assigned to each NKK which correspond to the required classification of a client or a group of clients. An NKK request should specify the relevant assignment of the client (group of clients) to a relevant value under the applicable classifications. For an aggregate NKK, the assigned number does not identify a client and cannot be used as an attribute of the account for which trades will be concluded on the market. Accounts based on such NKK will be used only to calculate the resulting position of the clearing member in relation to KDPW\_CCP derived from the indicated analytical accounts and, consequently, as the basis of calculation of margin requirement for such aggregate position. Considering the foregoing, in specifying the 'Class value' for an aggregate NKK the option "not applicable" is required (value 'NOAP' cannot be used to create other types of NKK). In view of the service whereby KDPW\_CCP will submit reports of derivative contracts cleared by KDPW\_CCP to KDPW\_TR on request of a clearing member, the following fields have been added to the [acmt.rqc.001.03](#) message structure:

- 2.4 -2.9 – Counterparty information
- 2.10 (2.10.1 – 2.10.6) – Counterparty details.

The following values are allowed in the client's Corporate Sector field (CorpSctr field 2.9.3):

- Taxonomy for Financial Counterparties :
  - A = Assurance undertaking authorised in accordance with Directive 2009/138/EC of the European Parliament and of the Council
  - C = Credit institution authorised in accordance with Directive 2013/36/EU of the European Parliament and of the Council
  - F = Investment firm authorised in accordance with Directive 2004/39/EC of the European Parliament and of the Council
  - I = Insurance undertaking authorised in accordance with Directive 2009/138/EC
  - L = Alternative investment fund managed by Alternative Investment Fund Managers (AIFMs) authorised or registered in accordance with Directive 2011/61/EU of the European Parliament and of the Council
  - O = Institution for occupational retirement provision within the meaning of Article 6(a) of Directive 2003/41/EC of the European Parliament and of the Council

- R = Reinsurance undertaking authorised in accordance with Directive 2009/138/EC
- U = Undertakings for the Collective Investment in Transferable Securities (UCITS) and its management company, authorised in accordance with Directive 2009/65/EC of the European Parliament and of the Council
- Taxonomy for Non-Financial Counterparties. The following categories correspond to the main sections of Statistical Classification of economics activities in the European Community (NACE) as defined in Regulation (EC) No 1893/2006 of the European Parliament and of the Council:
  - 1 = Agriculture, forestry and fishing
  - 2 = Mining and quarrying
  - 3 = Manufacturing
  - 4 = Electricity, gas, steam and air conditioning supply
  - 5 = Water supply, sewerage, waste management and remediation activities
  - 6 = Construction
  - 7 = Wholesale and retail trade, repair of motor vehicles and motorcycles
  - 8 = Transportation and storage
  - 9 = Accommodation and food service activities
  - 10 = Information and communication
  - 11 = Financial and insurance activities
  - 12 = Real estate activities
  - 13 = Professional, scientific and technical activities
  - 14 = Administrative and support service activities
  - 15 = Public administration and defence; compulsory social security
  - 16 = Education
  - 17 = Human health and social work activities
  - 18 = Arts, entertainment and recreation
  - 19 = Other service activities
  - 20 = Activities of households as employers; undifferentiated goods – and services –producing activities of households for own use
  - 21 = Activities of extraterritorial organisations and bodies

Where more than one activity is reported, list the codes in order of the relative importance of the corresponding activities, separating them with "-".

Counterparties within the meaning of EMIR should report derivative contracts to a trade repository using an LEI, which is required to report trades via KDPW\_CCP. For more information about getting an LEI, visit [www.kdpw.pl](http://www.kdpw.pl) tab [KDPW LEI](#).

## CLEARING ACCOUNTS AND SETTLEMENT ACCOUNTS

Entity accounts which are settlement accounts are opened in the KDPW database while clearing accounts are opened in the KDPW\_CCP database.

Clearing accounts are opened with a message [acmt.rqa.002.02](#) addressed to KDPW\_CCP (receiver '0010').

Clearing accounts are opened immediately upon transmission of a message with a date which corresponds to the current system date when the request is executed. A clearing member may link a settlement account with a clearing account. To do so, the clearing member provides the relevant information in a dedicated KDPW\_CCP clearing account opening message. A specified settlement account is assigned to the clearing account being opened or modified within the KDPW\_CCP database. Specification of a settlement account is voluntary. Requests to change a relation are processed after the end of day in KDPW\_CCP and are valid as of the next working day.

Message [acmt.rqa.002.02](#) field which changes the flag of the KDPW\_CCP authorisation to report trades (section 3.3.6) for an account is subject to a check: the flag can be changed to "Y" provided that in the NKK of the clearing account specifies the LEI of the client.

Accounts are closed based on messages specifying the function, sent to the KDPW\_CCP. An account is physically closed after the end of day following a range of checks which verify whether the account can be closed. Closing of a clearing accounts deletes all its attributes defined in the system. This includes the relationship between the clearing account and a settlement account specified in the account opening request and used to generate settlement instructions from KDPW\_CCP to KDPW. Consequently, once a clearing account is closed, the corresponding relation is deleted. Clearing accounts are handled by means of message [acmt.rqa.002.02](#). The account instruction can be used to open, close or suspend a clearing account and to change its characteristics.

## COLLATERAL ACCOUNTS

Collateral accounts are opened automatically for every clearing account and aggregate account and maintained by KDPW\_CCP in the transaction clearing system in order to calculate margin requirement and register collateral including initial margin and initial deposit.

Collateral accounts are always built based on selected attributes of clearing or aggregate accounts:

- type of ownership status,
- type of participation status,
- representation agreement,
- NKK (attributes of portfolio and account type are ignored).

Collateral values posted as deposits are maintained in the collateral register and recorded at collateral account level. For Funds, collateral is maintained at clearing account code level. Opening of a clearing account triggers a check whether a relevant collateral account exists in a dedicated file; if it doesn't, it is opened. Clearing accounts are closed during the end-of-day processing which includes a check whether a relevant collateral account can be closed (if there are no open clearing accounts assigned to the collateral account).

## **AGGREGATE ACCOUNTS**

Aggregate accounts are registration devices operated by KDPW\_CCP in the account system, other than clearing accounts, and used to present records made in clearing accounts maintained for a clearing member. Clearing accounts can be aggregated by specifying clearing accounts to be aggregated (message [acmt.rqa.003.01](#)). Collateral accounts are not aggregated directly.

Aggregate accounts are opened based on an NKK which is marked as aggregate NKK by specifying the relevant NKK type ('AGGR'). Accounts can only be aggregated under one type of ownership status. There is no possibility to aggregate the aggregate account.

All clearing accounts assigned to the same collateral account (matching account attributes other than portfolio and account type) must be aggregated to one aggregate account. This is due to the fact that calculation of margin requirement could encounter problems if any, of such accounts were not aggregated (the shared collateral account would only be associated with selected portfolios). Collateral accounts assigned to clearing accounts continue to operate. Collateral posted in securities which is assigned to such collateral accounts is not automatically taken to a higher aggregation level. In order to be considered collateral at a higher aggregation level, such securities must be released from one collateral account and locked in aggregated account level.

The same principle applies where an attempt is made to close an aggregate account to which a given collateral account is assigned in which securities posted as collateral are registered. Therefore, the aggregate account cannot be closed as long as securities are registered in the collateral account. Aggregate accounts cannot be used to conclude trades on the market.

For each aggregate account, net positions are calculated in the set of positions following any trade changing the number of positions in its source accounts.

### **Aggregation management**

Aggregation management (establishing and deleting relations) is based on the instructions of a clearing member sent in a dedicated XML message ([acmt.rqa.003.01](#)) addressed directly to the KDPW\_CCP IT system (receiver code '0010'). The operation is physically performed after the end of clearing day. In an instruction, the sender specifies at each time a single relation to be established or deleted by specifying an aggregate account identifier and the identifier of the clearing account to be aggregated. On receipt of a message, a check is performed whether both accounts specified in the relation exist and whether the specified relation is already defined (or a request to establish such relation has been registered). The receipt and the processing of a participant's instruction are confirmed in a relevant status message sent in reply to the instruction.

### **Closing aggregate accounts**

An aggregate account can be closed provided that no securities posted as collateral are registered in the collateral account assigned to the aggregate clearing account. After an aggregate account is closed, the relation between the aggregated clearing accounts and the closed account is closed. It is also possible to delete the aggregation relations first and then to delete the account once no aggregated account is assigned to it.

After an aggregate account is closed or relevant aggregation relations are deleted, margin requirements are calculated automatically for the collateral account associated with the clearing account.

KDPW\_CCP generates a message ([colr.mrg.004.02](#)) presenting margin requirements calculated at clearing account level if such clearing accounts have been aggregated. Margin requirements so calculated are not a margin requirements for clearing members with respect to specific clearing accounts but only analytical data necessary to estimate margin requirements calculated for clearing accounts aggregated into the aggregate account.