Valid as of 17 June 2026

DETAILED RULES OF THE OTC CLEARING SYSTEM

The provisions of the Detailed Rules of the OTC Clearing System concerning deposits and margins, contributions to the OTC guarantee fund, posted in securities referred to in § 79 subpara. 3 point 4 of the Rules of Transaction Clearing (non-organised trading), take effect, with respect to the given relevant depository system with which KDPW_CCP S.A. has signed a service agreement, two weeks after the day when KDPW_CCP S.A. notifies all of its participants in the manner referred to in § 5 subpara. 1 of the Rules of Transaction Clearing (non-organised trading) that it starts to accept deposits and margins in such securities.

The Detailed Rules of the OTC Clearing System, referred to in § 1 subpara. 41 of the Rules of Transaction Clearing (Non-organised Trading), hereinafter the "Clearing Rules", set out the detailed rules of operation of the OTC clearing system within the scope laid down in the Clearing Rules.

CHAPTER 1
GENERAL PROVISIONS

§ 1

1. The expressions and terms used in the Detailed Rules of the OTC Clearing System which are not defined or detailed in subpara. 2 shall be understood as defined in § 1 of the Clearing Rules.
2. Whenever the Detailed Rules of the OTC Clearing System refer to:
1/ **payment agent** – this shall be understood to mean the payment agent defined in § 1 subpara. 1 of the Clearing Rules, i.e., KDPW,
2/ **clearing bank** – this shall be understood to mean the clearing bank defined in § 1 subpara. 3 of the Clearing Rules, i.e., the National Bank of Poland for transactions in derivative instruments and for cash flows within the transaction clearing liquidity guarantee system, where for clearing in EUR orders are submitted under an agreement with the National Bank of Poland while cash accounts of participants used for payments in EUR may be maintained under agreements concluded by participants or payment agents with central banks other than the National Bank of Poland which operate payment systems within the TARGET2 system;
3/ **Clearstream** – this shall be understood to mean Clearstream Banking S.A. with its registered office in the Grand Duchy of Luxembourg;
4/ **margin** – this shall be understood to mean an initial deposit or an initial margin;
5/ **variation margin /VM/** – this shall be understood to mean a variation margin referred to in § 1 subpara. 6a of the Clearing Rules, determined for each transaction with margin (TDZ) for which payments are expressed in a given currency, on each day R relevant to the clearing of the transaction;
6/ **day R –** this shall be understood to mean a working day of the OTC clearing system on which clearing sessions are held and transactions registered in the OTC clearing system are cleared:
a) other than a holiday, a Saturday or another day excluded under a resolution of the KDPW_CCP Management Board – for transactions expressed in PLN (day R for PLN clearing); or
b) which is a working day of the TARGET2 system, unless such day is excluded under a resolution of the KDPW_CCP Management Board – for transactions denominated in EUR (day R for EUR clearing);

7/ **day R+1** – this shall be understood to mean a day following day R which is an operating day of the OTC clearing system for PLN clearing or for clearing in a given currency;
8/ **Euroclear** – this shall be understood to mean Euroclear Bank SA/NV with its registered office in the Kingdom of Belgium,
9/ **hypothetical transaction** – this shall be understood to mean a transaction which may be sent for clearing in the OTC clearing system;
10/ **account identifier** – this shall be understood to mean a unique identifier of the clearing account of a clearing member;
11/ **confirmation instruction** – this shall be understood to mean an order containing the terms of a transaction referred to in § 1 subpara. 9 letter (c) of the Clearing Rules, which is not an offer within the meaning of the provisions of the Civil Code;
12/ **derivative instruments** – this shall be understood to mean derivative instruments defined in § 1 subpara. 10 of the Clearing Rules, listed in Appendix 1 to the Detailed Rules of the OTC Clearing System;
13/ **confirmation** – this shall be understood to mean determination made by KDPW_CCP to the effect that confirmation instructions submitted by clearing members which are counterparties to the clearing of a transaction contain mutually matching information concerning the transaction;
14/ **conversion** – this shall be understood to mean the conversion of a transaction with margin (TZD) into a transaction with settlement (TZR), referred to in § 74c of the Clearing Rules, performed in the OTC clearing system on the basis of an order of a clearing member being a counterparty to the clearing of such transaction on the terms set out in the Clearing Rules and the Detailed Rules of the OTC Clearing System, resulting in a change of the terms of the transaction to the effect that liabilities under a variation margin /VM/ which would become due as of the conversion date, referred to in § 62d subpara. 1, expire and the clearing counterparties are entitled to receive or obliged to pay, respectively, the TZR settlement amount on the terms of the transaction with settlement (TZR);
15/ **interest coupon** – this shall be understood to mean the amount of interest for a given interest period, calculated by KDPW_CCP according to the terms of a derivatives transaction registered in the OTC clearing system, which a clearing counterparty designated by KDPW_CCP is, respectively, entitled to receive or obliged to pay;
16/ **adjustment amount** – this shall be understood to mean, respectively:
a) for current clearing of a transaction for the opposite position to be performed on the transaction date – the amount calculated in order to adjust the valuation of the transaction as part of the processing of closing of positions on demand, described in § 90 subpara. 1 of the Clearing Rules, or automatic closing of positions, described in § 96 subpara. 1 of the Clearing Rules, as the amount of the offer of concluding the transaction, accepted by the participant being its clearing counterparty or KDPW_CCP, respectively, or
b) for a transfer of positions, referred to in § 110b or § 110c of the Clearing Rules, or a transfer on demand of a clearing member, referred to in Section IIIa of the Clearing Rules – the amount calculated in order to adjust the value of such positions after their transfer as the amount of the cumulative variation margin /CVM/ or the TZR cumulative settlement amount;
17/ **TZR settlement amount** – this shall be understood to mean a settlement amount referred to in § 1 point 16a of the Clearing Rules, denominated in a currency defined for a transaction with settlement (TZR) according to the settlement instruction, in the amount determined by KDPW_CCP on the basis of the performed valuation of the transaction;

18/ **client classification number (NKK)** – this shall be understood to mean an identifier of a clearing member or a client or a group of clients of a clearing member defined according to predetermined parameters;
19/ **liquidation period** - this shall be understood to mean a risk parameter used by KDPW_CCP to calculate margins, referred to in Article 1(8) of Commission Delegated Regulation (EU) No 153/2013 of 19 December 2012 supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council with regard to regulatory technical standards on requirements for central counterparties (Official Journal of the EU L 52 from 2012, p. 41);
20/ **lookback period** – this shall be understood to mean a risk parameter used by KDPW_CCP to calculate margins, referred to in Article 1(9) of Commission Delegated Regulation (EU) No 153/2013 of 19 December 2012 supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council with regard to regulatory technical standards on requirements for central counterparties;
21/ **position indicator** – this shall be understood to mean registering in a clearing member's clearing account that member's credit or debit in relation to KDPW_CCP S.A. arising from a transaction originating from novation or a transaction concluded in the transaction clearing liquidity guarantee system operated by KDPW_CCP S.A.;
22/ **electronic platform** – this shall be understood to mean an electronic platform defined in § 1 subpara. 23 of the Clearing Rules, listed in Appendix 3 to the Detailed Rules of the OTC Clearing System;
23/ **entity which can be represented by a participant** – this shall be understood to mean an entity or a group of entities marked with the same identifier (NKK);
24/ **confidence interval** - this shall be understood to mean a risk parameter used by KDPW_CCP to calculate margins, referred to in Article 1(2) of Commission Delegated Regulation (EU) No 153/2013 of 19 December 2012 supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council with regard to regulatory technical standards on requirements for central counterparties;
25/ **collateral account** – this shall be understood to mean a collateral account operated under a service agreement for KDPW_CCP as the party accepting collateral;
26/ **trade repository** – this shall be understood to mean a trade repository defined in § 1 subpara. 32 of the Clearing Rules, i.e., KDPW;
27/ **netting session** – this shall be understood to mean the time, falling within day R for clearing in a given currency, of netting of debits and credits arising from transactions expressed in that currency, and registration of the netting result in clearing accounts;
28/ **clearing session** – this shall be understood to mean the time, falling within day R for clearing in a given currency, of accepting those transactions for clearing for which payments are expressed in that currency;
29/ **payment system** – this shall be understood to mean a payment system defined in § 1 subpara. 36 of the Clearing Rules operated by the National Bank of Poland;
30/ *[revoked]*
31/ *[revoked]*
32/ *[revoked*
33/ **derivatives transaction** – this shall be understood to mean a derivatives transaction defined in § 1 subpara. 47 of the Clearing Rules, whose standard terms are set out in Appendix 1 to the Detailed Rules of the OTC Clearing System;
34/ *[revoked]*

35/ *[revoked]*
36/ *[revoked]*
37/ *[revoked]*
38/ **transaction with margin (TZD)** – this shall be understood to mean a transaction registered in the OTC clearing system, subject to current valuation, resulting in a counterparty to the clearing of the transaction being entitled to receive or obliged to return, respectively, the amount determined by KDPW_CCP as a variation margin /VM/ in order to secure the obligations of the clearing counterparties;
39/ **transaction with settlement (TZD)** – this shall be understood to mean a transaction registered in the OTC clearing system, which is not a transaction with margin (TZD) according to the indication of the clearing member being its clearing counterparty, subject to current valuation, resulting in a counterparty to the clearing of the transaction being entitled or obliged to receive, respectively, the settlement amount determined by KDPW_CCP in the current clearing of the transaction;
40/ **transaction verification** – this shall be understood to mean the process of checking a clearing instruction accepted to the OTC clearing system resulting in registration in the system of the transaction identified on the basis of the instruction or rejection of the clearing instruction, comprised of:
a) a check of correctness and compliance of the clearing instruction with the Clearing Rules and the Detailed Rules of the OTC Clearing System,
b) a check of the collateral limit set for the participant who is a clearing counterparty to the transaction identified on the basis of the instruction,
c) a check of the limit set by the participant in the client clearing account or in the collateral account assigned to the client clearing account or accounts, where the participant has set such limit;
41/ **PAI** – this shall be understood to mean the amount of interest calculated by KDPW_CCP on the cumulative variation margin /CVM/ which a participant being a clearing counterparty to the relevant transaction with margin (TZD) designated by KDPW_CCP is, respectively, entitled to receive or obliged to pay, calculated on each day R for clearing in a given currency;
42/ **PAA** – this shall be understood to mean the amount of payment calculated by KDPW_CCP on the TZR cumulative settlement amount which a participant being a clearing counterparty to the relevant transaction with settlement (TZR) designated by KDPW_CCP is, respectively, entitled to receive or obliged to pay, calculated on each day R for clearing in a given currency;
43/ **relevant depository system** – this shall be understood to mean the depository system referred to in § 1 point 2a and § 86 subpara. 1 point 2 of the Clearing Rules and in the OTC Guarantee Fund Rules, attached as Appendix 2 to the Clearing Rules, in which a relevant securities account is maintained for a participant or its collateral agent through which the clearing member performs the obligation of depositing securities as margins or contributions to the OTC guarantee fund of such participant, this being Clearstream or Euroclear;
44/ **marking to market (MtM)** – this shall be understood to mean the amount resulting from the current valuation of a transaction registered in the OTC clearing system, calculated by KDPW_CCP on each day R relevant for clearing in a given currency during the netting session relevant to the transaction on the basis of interest rates applicable on that day according to the rules set out in Appendix 6;
45/ **service agreement** – this shall be understood to mean an agreement concerning the service of establishing collateral in favour of KDPW_CCP, concluded with an entity operating the relevant depository system, respectively, by:
a) KDPW_CCP and separately by individual clearing members – for Clearstream, or

b) individual clearing members or their collateral agents and KDPW_CCP – for Euroclear;
46/ **services** – this shall be understood to mean services provided by the entity operating the relevant depository system under a service agreement;
47/ **foreign custodian** – this shall be understood to mean a collateral agent which is a participant of the settlement system operated by Clearstream, for which Clearstream operates a separate securities account in the system, in which only such securities are registered which are held by the KDPW_CCP clearing member which is the agent's client.

§ 2

1. Orders and information referred to in the Clearing Rules or the Detailed Rules of the OTC Clearing System shall be provided in electronic form via the SEI system unless the Detailed Rules of the OTC Clearing System or the Clearing Rules provide otherwise.
2. Subject to subpara. 3, orders referred to in subpara. 1 shall be effective in the clearing system once KDPW_CCP confirms their execution, unless the Detailed Rules of Transaction Clearing or the Clearing Rules provide otherwise.
3. Orders referred to in subpara. 1 for the opening or closing of an account in the clearing system or for modification of account attributes or provision of additional information about the account shall be effective in the clearing system as of the day following the day when KDPW_CCP confirms the execution of such orders.

§ 3

1. Orders, information or declarations submitted in writing according to a template specified by KDPW_CCP may be originally drawn up in English, subject to § 6.
2. KDPW_CCP shall publish templates of declarations and information referred to in subpara. 1 on its website.

§ 3a

1. In the cases referred to in the Clearing Rules, documents may be transmitted to KDPW_CCP, at the election of the participant, by email over the internet to the email addressed provided by KDPW_CCP on its website as dedicated for such purposes.
2. Participants using the method of document transmission referred to in subpara. 1 shall send documents from the email address previously provided to KDPW_CCP in the list of the participant's authorised contact persons for KDPW_CCP.
3. Documents sent according to subpara. 1 and subpara. 2 shall be deemed delivered at the time of receipt at the email address provided by KDPW_CCP.

§ 3b

1. Participants may additionally encrypt documents sent to KDPW_CCP via SEI or by email over the internet, subject to subpara. 2 and § 3c.
2. Document encryption referred to in subpara. 1 shall follow a method approved by KDPW_CCP. KDPW_CCP publishes the approved encryption methods and the description of document encryption procedures on its website.

§ 3c

Documents containing inside information within the meaning of Article 7 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse, shall be marked by the participant as “inside information” and where they are sent to KDPW_CCP via SEI or by email over the internet, they shall be additionally encrypted in accordance with § 3b subpara. 2.

CHAPTER 2
PARTICIPATION IN THE OTC CLEARING SYSTEM

§ 4

Participants may be informed of the content of resolutions adopted by the Supervisory Board of KDPW_CCP or the Management Board of KDPW_CCP, which result in conclusion, amendment or termination of a participation agreement, and the content of other resolutions of those bodies concerning participants, using the SEI system.

§ 5

A participant may submit a request to amend a participation agreement or to terminate it by mutual agreement of the parties. In that case, the participant shall specify in the request the date agreed on a working basis as of which the participation agreement is to be amended or terminated, respectively.

§ 6

1. Subject to § 32 subpara. 6 of the Clearing Rules and subpara. 2 hereof, where documents required of participants or the applicant have been drawn up in a foreign language other than English, they should be submitted in Polish or English translation, written and endorsed by a certified translator.
2. An application for conclusion, amendment or termination of a participation agreement and a statement on submission of disputes to the jurisdiction of the competent court should be submitted in Polish, and in addition they may be submitted in an English language version, however, in such instances it should be declared that the Polish language document shall be deemed the definitive version.

§ 7

1. Official documents delivered by participants or an applicant, which have been drawn up outside the Republic of Poland, should become legally authorised in accordance with the relevant legal regulations under which they have been drawn up, subject to the provisions of subpara. 2.
2. If an official document has been drawn up in a country which is a signatory of the Hague Convention of 5 October 1961 abolishing the requirement of legalisation of foreign public documents, such document should contain an apostille issued by the relevant authority of the country issuing the document.

§ 8

1. If, as a part of its KDPW_CCP participation, a participant intends to:
1/ participate in clearing expressed in EUR;
2/ deposit margins or contributions to the OTC guarantee fund in debt securities denominated in EUR, issued

by European Union member states other than the Republic of Poland,
but it does not attach the relevant documents, referred to in § 23 subpara. 2 points 3-4 or point 6 of the Clearing Rules, to the participation application, it should provide such documents to KDPW_CCP before starting operation to such extent.

2. *[revoked]*

3. If a participant or its settlement agent settles its cash debits and credits through two or more bank accounts held in the clearing bank, it shall additionally indicate in the declaration referred to in § 23 subpara. 2 point 3 of the Clearing Rules which of the accounts is the primary account within the meaning of regulations issued by KDPW.

§ 9

1. If there is a take-over of an enterprise, within the meaning of Article 55^1 of the Civil Code of 23 April 1964 (Journal of Laws from 1964, No. 16, item 93, as amended), or an organised part of such enterprise, whose operation is related to participation in the clearing system operated by KDPW_CCP, in the form of a sale of the enterprise or its organised part between participants, those participants who are parties to the action leading to the take-over shall immediately notify KDPW_CCP of this fact in a written application to which they shall attach documents that constitute the basis of the take-over of the enterprise or its organised part, as well as appropriate declarations in writing.

2. In the event referred to in subpara. 1, KDPW_CCP shall, by joint request of the interested participants, set the date of the merger of their liabilities and receivables resulting from participation in the OTC clearing system (OTC clearing system merger date).

3. The OTC clearing system merger date shall be the date at the end of which KDPW_CCP ceases to clear the transactions of the participant whose enterprise or its organised part has been taken over to the extent arising from the documents that constitute the basis of the take-over of the enterprise referred to in subpara. 1 or its organised part.

4. As of the OTC clearing system merger date, the status of clearing member, to the extent of the enterprise taken over referred to in subpara. 1 or its organised part, previously held by the participant whose enterprise or its organised part is being taken over, shall be transferred to the participant taking over the enterprise or its organised part.

5. The liabilities of a participant whose enterprise or its organised part is being taken over, resulting from transactions accepted for clearing to which the participant is a clearing counterparty and from its participation in the OTC clearing system to the extent of the enterprise taken over or its organised part, shall be a liability of the participant and the participant taking over the enterprise or its organised part acting jointly and severally.

§ 10

1. In case of taking over all rights and obligations of a clearing member related to participation in the OTC clearing system as a result of, respectively, that member's merger with another entity, transborder merger with another entity, or split of the clearing member, the clearing member shall immediately notify KDPW_CCP of the intention to merge or split and attach the merger plan or split plan agreed with the entity involved in the merger or split.

2. The clearing member which is the acquiring entity and the clearing member which is the acquired entity shall immediately notify KDPW_CCP, and attach relevant documents, of:

1/ adoption by the competent body of a resolution concerning the merger or split, amendment of the articles of association or partnership agreement;
2/ no opposition raised by the competent body if the requirement to obtain the consent of such body derives from relevant provisions of the law;
3/ issue of a statement of competent bodies confirming that the merger or split conforms to the provisions of the law applicable to the clearing member or the entity involved in the merger or split if the requirement to obtain such statement derives from relevant provisions of the law;
4/ making an entry in the relevant register which has the effect of, respectively, a merger or split and, where other entries are made concurrently with or as a result of such entry, then also making such entries.
3. An entity which is not a participant of the OTC clearing system and takes over the rights and obligations of a clearing member shall, before starting activities in the system, deliver written powers of attorney or the declarations referred to in § 23 subpara. 1 points 3-6, § 24 subpara. 1 points 4-6 of the Clearing Rules and in § 26 subpara. 1 and other documents referred to in § 23 subpara. 1-4 and § 25 subpara. 1 of the Clearing Rules, if they have to be modified.
4. On the basis of information received from the clearing member or the entity involved in the merger of split, KDPW_CCP shall determine the OTC clearing system merger date as of which it shall cease to clear transactions for the clearing member to the extent arising from documents which constitute the basis of the merger or split and the status of clearing member shall be transferred to the extent arising from, respectively, the merger or split.

§ 10a

The provisions of § 9 and § 10 shall apply accordingly where the rights and obligations of a non-clearing member are taken over in cases referred to therein.

§ 10b

1. KDPW_CCP shall issue an identifier in the clearing system to each participant (institution code). Where an institution code is issued to a non-clearing member, the clearing member that represents it shall be notified of the code by KDPW_CCP.
2. If the scope of activity of a clearing member in the OTC clearing system includes the clearing of derivative transactions, then each institution code shall be assigned an identifier which identifies the clearing member on an electronic platform. The identifier shall be provided by the clearing member in a written declaration submitted before it starts its activity to KDPW_CCP according to a template defined by KDPW_CCP or in instructions submitted to KDPW_CCP.

§ 10c

In order to obtain information on the applicant and to identify the risks of money laundering and terrorist financing associated with the business relationships undertaken by the applicant, participants or entities seeking participation shall submit to KDPW_CCP an up-to-date Correspondent Banking Due Diligence Questionnaire (CBDDQ) published by the Wolfsberg Group. The Correspondent Banking Due Diligence Questionnaire (CBDDQ) shall be updated by participants on an annual basis.

§ 10d

1. The clearing member shall, prior to commencing activities in the OTC clearing system, conduct the following tests to confirm its readiness to commence such activities:
1/ tests of key aspects of clearing account management,
2/ tests of key aspects of collateral management and risk management,
3/ tests of key aspects of clearing of transactions for which the participant will be active in the OTC clearing system,
4/ testing of key aspects of procedures in the event of default under obligations arising from transactions accepted for clearing.
2. The clearing member shall provide KDPW_CCP with information on positive results of completed tests referred to in subpara. 1 in accordance with the template available on the KDPW_CCP website.

CHAPTER 3
ACCOUNT SYSTEM

§ 11

1. The clearing account system shall comprise own position accounts and client position accounts, as well as collateral accounts assigned to them.
2. Own position accounts shall be used to register positions, operations and balances referred to in § 52 subpara. 1 of the Clearing Rules resulting from transactions concluded by the clearing member on own account which have been accepted for clearing in the OTC clearing system.
3. Client position accounts shall be used to register positions, operations and balances referred to in § 52 subpara. 1 of the Clearing Rules resulting from transactions accepted for clearing in the OTC clearing system which have been concluded by:
1/ the clearing member on account of its clients;
2/ another entity which is represented by the clearing member in clearing in the OTC clearing system.

§ 12

1. An assigned collateral account shall be maintained for each clearing account, subject to subpara. 2.
2. One collateral account shall be assigned to clearing accounts marked with the same NKK number.

§ 13

1. Clearing account attributes and client classification number (NKK) attributes are set out in Appendix 4.
2. The client classification number (NKK) shall be a clearing account attribute and a collateral account attribute.
3. The client classification number (NKK) may define only one collateral account maintained for a given participant.
4. If the client classification number (NKK) defines two or more clearing accounts, one collateral account maintained for the given participant shall be assigned to all such accounts and that client classification number (NKK) shall be its attribute.
5. Where a clearing member intends to represent in the OTC clearing system another entity which concludes transactions cleared in the OTC clearing system, it should open for such entity a separate clearing account

marked with a client classification number (NKK), which shall identify exclusively that entity.

§ 13a

1. KDPW_CCP shall register entries in clearing accounts for each position including the following information:
1/ identifier of the transaction registered in the OTC clearing system,
2/ position indicator,
3/ transaction price and position value in each currency,
4/ quantity of financial instruments in the transaction,
5/ identifier of the platform on which the transaction was concluded,
6/ transaction expiry date and time - for a derivatives transaction.
2. KDPW_CCP shall update the information referred to in subpara. 1 immediately on any change.
3. The provisions of subpara. 1 shall apply accordingly to registration of a transfer of positions whereby entries referred to in subpara. 1 in the clearing account of the participant transferring the positions shall be registered in the clearing account of the participant receiving such positions.
4. If, according to clearing members' instructions, a transfer of positions concerns positions registered in a clearing account at the time of submission of matching transfer instructions, KDPW_CCP shall register the time separately in the account system and inform the participants which submit such instructions thereof.

§ 13a[1]

1. If derivative transactions are registered in a clearing account, then each client classification number (NKK) which is an attribute of the account shall be assigned an identifier which identifies the clearing member or its client on an electronic platform.
2. The identifier referred to in subpara. 1 shall be provided by the clearing member in instructions submitted to KDPW_CCP, subject to subpara. 3.
3. If the clearing member fails to assign the identifier referred to in subpara. 1 to the client classification number (NKK), the identifier assigned to the member's institution code shall be deemed to be such identifier.

§ 13b

1. KDPW_CCP shall register in collateral accounts information concerning:
1/ the amount of cash deposited in PLN or EUR credited as margins,
2/ the value of securities denominated in PLN or EUR credited as margins,
3/ the quantity of securities denominated in PLN and their ISIN code issued by KDPW;
4/ the amount of cash deposited in PLN or EUR credited as contributions to the OTC guarantee fund;
5/ the value of securities denominated in PLN or EUR credited as contributions to the OTC guarantee fund;
6/ the quantity of securities denominated in PLN and their ISIN code issued by KDPW;
7/ the value of the variation margin and the value of entitlements calculated on the variation margin.
2. KDPW_CCP shall update the information referred to in subpara. 1 immediately on any change.
3. The provisions of subpara. 1 shall apply accordingly to registration of a transfer of positions and collateral whereby entries referred to in subpara. 1 in the collateral account of the participant transferring the positions

[1] added according to the Resolution No. 33/18 of the KDPW_CCP S.A. Management Board dated 8 October 2018 amending the Detailed Rules of the OTC Clearing System

shall be registered in the collateral account of the participant receiving such positions.

§ 13c

Subject to § 13a subpara. 1 and § 13b subpara. 1, KDPW_CCP shall register the following information in the OTC clearing system:

1/ the date and time of registration of a transaction in the clearing system;

2/ the detailed terms of a derivatives transaction, including the nominal value, the transaction currency, the underlying and the reference rate,

3/ the transaction clearing mode,

4/ the terms and conditions of transaction settlement,

5/ the transaction settlement date,

6/ the date and time of conclusion of the original transaction,

7/ the original terms and counterparties of the contract,

8/ the identifiers of the clearing members participating in the position transfer,

9/ the identifier of the non-clearing member whose positions have been transferred in the position transfer,

10/ the position transfer date and time,

11/ the number of transferred positions,

12/ the date of entry of the position transfer instructions into the clearing system,

13/ the date of sending KDPW_CCP's confirmation that submitted position transfer instructions match,

14/ the prices, interest rates or other indicators used to calculate the value of the position in derivatives transactions.

§ 13d

1. KDPW_CCP shall register in the OTC clearing system each transaction with margin (TZD) or transaction with settlement (TZR) according to the indication of a clearing member being its clearing counterparty for a given clearing account subject to subpara. 3.

2. Subject to § 62a subpara. 1 point 2, a clearing member may, after opening a clearing account but no later than the day preceding the day when positions are first registered in such account, indicate that only transactions with settlement (TZR) are to be registered in such account. The indication shall be made by providing KDPW_CCP with an order as defined by KDPW_CCP. The order shall cover all transactions to be registered in the indicated clearing account and it shall be valid until the relevant clearing account is closed. Orders delivered after the time limit set in this subpara. or delivered at the conversion date referred to in § 62d or prepared in breach of the Detailed Rules of the OTC Clearing System, shall not be accepted for execution.

3. If a clearing member fails to indicate in the manner and within the time limit referred to in subpara. 2 or in Chapter 13 that only transactions with settlement (TZR) are to be registered in an opened clearing account, this shall mean that only transactions with margin (TZD) shall be registered in such account.

4. In a submitted order, referred to in subpara. 2, the clearing member shall make a declaration to the effect that each transaction sent to the clearing account indicated by the clearing member is to be a transaction with settlement (TZR) and if a transaction with margin (TZD) is sent as a result of a transfer of positions, it shall be converted into a transaction with settlement (TZR) according to Chapter 13, and the clearing member shall:

1/ ensure that the terms of each transaction to be registered in such account in connection with the calculation of the TZR settlement amount, the TZR cumulative settlement amount and PAA, referred to in § 1 point 42, comply with the Detailed Rules of the OTC Clearing System, and confirm that the registration of a transaction in the OTC clearing system as a TZR transaction is not in breach of the terms on which the transaction sent for clearing was concluded, and that such terms comply with the Detailed Rules of the OTC Clearing System;
2/ ensure that transactions with settlement (TZR) are sent for clearing only to the clearing account dedicated to such transactions;
3/ not modify or cancel a submitted order within the lifetime of the clearing account concerned by such order, and consequently waive the right to modify or cancel such order.

CHAPTER 4
OPENING AND CLOSING CLEARING ACCOUNTS AND COLLATERAL ACCOUNTS

§ 14

The first own position clearing account shall be opened on the basis of an account opening order delivered by the clearing member before starting operation in the OTC clearing system, which specifies the account attributes, where the type of account which the participant may open depends on the status held by the member in the clearing system, including the type of operation.

§ 15

1. A clearing member may open client position accounts provided that an own position account is first opened.
2. Client position accounts shall be opened:
1/ for clearing of transactions concluded by a clearing member on account of its clients – on the basis of a client position account opening order delivered by the clearing member to KDPW_CCP before that member starts activities in the OTC clearing system in the type of participation for which the client position account is to be opened;
2/ for clearing of transactions concluded by another entity which is represented by the clearing member in clearing in the OTC clearing system – on the basis of the declaration referred to in § 25 subpara. 1 of the Clearing Rules and an account opening order delivered by the clearing member to KDPW_CCP before such transactions are sent for clearing in the OTC clearing system.
3. In the client position account opening order, the clearing member shall define in the account attributes including the client classification number (NKK).
4. *[revoked]*

§ 15a

1. For the clearing of transactions concluded by an entity represented by a clearing member in clearing in the OTC clearing system, the member shall apply for the opening of a clearing account referred to in § 13 subpara. 6 before such transactions are sent for clearing in the OTC clearing system.
2. A clearing account shall be opened in the event referred to in subpara. 1 based on the declaration referred to in § 25 subpara. 1 and § 26 subpara. 1 of the Clearing Rules and an account opening order delivered by the

clearing member to KDPW_CCP.
3. The clearing member shall specify in the declaration referred to in subpara. 1 the client classification number (NKK) defined for the entity referred to in subpara. 1.

§ 16
[revoked]

§ 17
1. In order to close a clearing account, the clearing member shall deliver to KDPW_CCP an account closing order wherein it shall specify the identifier of the clearing account to be closed.
2. Subject to subpara. 3, a clearing account shall be closed on the day when the clearing member submits an account closing order provided that:
1/ on the account closing day, no positions, operations or balances referred to in § 52 subpara. 1 of the Clearing Rules are registered in the account,
2/ on the account closing day, no assets deposited as margins are registered in the collateral account assigned to it,
3/ by the day on which the account is to be closed, KDPW_CCP has not received any clearing instructions designating this account for clearing in the OTC clearing system.
3. The clearing account closing date shall be no earlier than the day following the day when the order referred to in subpara. 2 is delivered to KDPW_CCP. If the condition is not met, the order shall be executed on day R following the day of its submission to KDPW_CCP.
4. KDPW_CCP shall close a clearing account and concurrently close the collateral account assigned to that clearing account unless the collateral account is assigned to other clearing accounts.
5. KDPW_CCP shall send to the clearing member information that the clearing account has been, respectively, opened or closed which specifies the account identifier.

§ 18 - § 19
[revoked]

CHAPTER 5
SETTING LIMITS OF CLEARING ACCOUNTS OR COLLATERAL ACCOUNTS

§ 20
1. A limit of a collateral account assigned to a client position account or accounts shall be set on the basis of an order delivered by the clearing member to KDPW_CCP which specifies:
1/ the collateral account identifier;
2/ the type of limit: binding or for information;
3/ the account limit.
1a. The provisions of subpara. 1 shall apply accordingly where a limit referred to in § 51 of the Clearing Rules is set for a clearing account and where an information limit is set for a clearing account.
2. Setting a binding limit in an account shall mean that transactions concluded by an entity referred to in subpara. 1 shall not be accepted in the OTC clearing system where the participant which set the limit for the account became their clearing counterparty if its conclusion of the transaction caused a breach of the limit.

3. Setting a limit for information in an account shall mean that, once the account limit is exceeded as a result of acceptance of a transaction for clearing in the OTC clearing system, the member shall be immediately notified thereof.

§ 21

The limits referred to in § 20 shall be set in relation to the amount of margins required of the participant securing:
1/ positions registered in a clearing account – for a limit set for the clearing account,
2/ positions registered in a clearing account or accounts to which the same collateral account is assigned – for a limit set for a collateral account
as well as the marking-to-market amount determined for such positions.

§ 22

In order to lift or modify a limit of a collateral account or a limit of a clearing account, the clearing member shall deliver to KDPW_CCP, respectively, an order to lift or modify the limit. The provisions of § 20 subpara. 1 shall apply accordingly.

§ 23

KDPW_CCP shall enter into the OTC clearing system an order to, respectively, set, lift or modify a limit referred to in § 20 subpara. 1 or subpara. 1a immediately upon its delivery.

CHAPTER 5a
DESIGNATION OF A CLEARING ACCOUNT AS THE DEFAULT ACCOUNT

§ 23a

1. Clearing members may designate a clearing account as the default account to be used where clearing instructions concerning a derivative transaction concluded for the own account of the clearing member indicates no clearing account maintained in the OTC clearing system for the member. To make such designation, clearing members shall provide KDPW_CCP with a declaration according to a template defined by KDPW_CCP which shall designate a clearing account as the default account for the registration in the clearing system of derivative transactions concluded for the own account of the clearing member.
2. The declaration referred to in subpara. 1 shall be effective as of the next day after submission to KDPW_CCP.
3. Clearing members may cancel the designation of a clearing account as the default account. The provisions of subpara. 1 and 2 shall apply accordingly to any such cancellation.

CHAPTER 6
CLEARING TRANSACTIONS

§ 24

Clearing of transactions in the OTC clearing system shall be performed separately for transactions for which payments, according to the terms of the transactions, are expressed in another currency.

§ 25

1. KDPW_CCP shall accept transactions for clearing in the OTC clearing system on every day R relevant to clearing in a given currency during a clearing session relevant to such transactions.
2. KDPW_CCP shall perform netting in a netting session for transactions for which payments are expressed in a given currency on every day R relevant to clearing in a given currency.
3. The timetable of clearing sessions and the netting sessions for individual transactions as well as the number of sessions are set out in Appendix 5.
4. KDPW_CCP shall accept to the OTC clearing system clearing instructions delivered in electronic form by the entity operating an electronic platform, in the form and structure agreed with that entity.

§ 26

1. Transaction verification shall take place upon delivery of a clearing instruction to the OTC clearing system on day R for the clearing of transactions concerned by the instruction, during a clearing session relevant to such transaction.
2. As a result of transaction verification, KDPW_CCP shall assign the transaction a number and subsequently register the transaction in the clearing account specified in the clearing instruction, within the time limit set in § 57 subpara. 2 of the Clearing Rules, or reject the clearing instruction.
3. The information provided by KDPW_CCP to a clearing member according to § 57 subpara. 2 of the Clearing Rules which confirms the registration of a transaction shall specify:
1/ the time of registration of the transaction in the OTC clearing system;
2/ the designation of positions resulting from the transaction registered in the clearing account;
3/ the identifier of the clearing account in which the positions referred to in point 1 are registered;
4/ the amount of required collateral determined for positions registered in clearing accounts assigned to the collateral account.
4. If a transaction is not accepted for clearing, KDPW_CCP shall provide the participant with information which shall specify:
1/ the designation of the clearing instruction;
2/ the statement of reasons for which the clearing instruction has been rejected.
5. Where clearing instructions under verification concerning a derivative transaction fail to identify a clearing account and the clearing member holding the status of clearing member for the transaction has designated a clearing account for such purpose according to § 23a and has not cancelled the designation, then:
1/ the clearing member shall be deemed to have designated a clearing account as the default account for such transaction;
2/ KDPW_CCP shall register such transaction in the clearing account designated as the default account.

§ 27

1. KDPW_CCP shall take actions, defined in § 49 subpara. 1 of the Clearing Rules, in order to make cash payments resulting from the clearing of derivatives transactions on day R relevant to clearing in a given currency preceding the day on which such payments should be made.
2. *[revoked]*
3. Cash payments resulting from the clearing of derivatives transactions shall be settled by, respectively, debiting or crediting the bank account designated by the clearing member according to § 23 subpara. 2 point

3 of the Clearing Rules.

§ 28

The amount of cash receivables referred to in § 59 subpara. 7 of the Clearing Rules shall be calculated separately for each opening transaction.

§ 29

A clearing member shall ensure timely settlement of liabilities resulting from the clearing of a transaction or the contribution of required collateral by means of crediting the bank account in a given currency designated according to § 23 subpara. 2 point 3 of the Clearing Rules with amounts necessary to settle its liabilities resulting from participation in the OTC clearing system on the date of the cash payments resulting from the clearing of derivatives transactions.

§ 30

On every day R, KDPW_CCP shall issue and deliver to clearing members information including without limitation:

1/ a list of positions registered in all clearing accounts maintained for the member on the given day R;

2/ a list of positions registered in clearing accounts maintained for the member whose interest coupons are settled on day R;

3/ a list of positions registered in clearing accounts maintained for the member netted according to § 61 subpara. 1 of the Clearing Rules, on the terms laid down in Chapter 9, and the surplus remaining after netting them;

4/ the amount of marking to market (MtM) calculated on day R for each position registered in a clearing account;

5/ a list of liabilities and receivables resulting from the current clearing of transactions in a given currency;

6/ a list of balances of securities contributed as margins, denominated in individual currencies;

7/ a list of balances of securities contributed to the OTC guarantee fund, denominated in individual currencies;

8/ the amount of required margins;

9/ the amount of interest coupons calculated on day R for positions registered in clearing accounts maintained for the member;

10/ PAI and PAA calculated on the given day R;

11/ adjustment amounts calculated on the given day R for the relevant clearing counterparty;

12/ the amount of cash in PLN contributed by the member as margins;

13/ the amount of securities contributed by the member and credited to margins;

14/ the amount of cash credited to margins.

§ 31

On every day R relevant for a given currency, KDPW_CCP shall calculate the liabilities and receivables resulting from the current clearing for every transaction with settlement (TZR) or transaction with margin (TZD) expressed in such currency and registered in the OTC clearing system, and notify the clearing members for such transactions thereof.

§ 32

1. KDPW_CCP shall perform cash netting separately for debits and credits arising from transactions for which payments are expressed in different currencies, subject to subpara. 2.
2. Netting referred to in subpara. 1 for transactions for which payments are expressed in PLN shall additionally include:
1/ amounts calculated according to § 31 including interest coupons, TZR settlement amounts, variation margins /VM/, PAI and PAA;
2/ adjustment amounts;
3/ amounts paid to update the initial margin;
4/ amounts paid to update the OTC guarantee fund;
5/ cash liabilities resulting from the valuation of financial instruments recognised as contribution to the OTC guarantee fund.

§ 33

1. On every day R, KDPW_CCP shall perform the valuation of transactions which are a transaction with margin (TZD) or transaction with settlement (TZR) according to the Detailed Rules of the OTC Clearing System and the terms of the transaction.
2. The detailed rules of the valuation of transactions referred to in subpara. 1 are set out in Appendix 6.
3. KDPW_CCP shall provide clearing members, on request, with the valuation of transactions they send for clearing, including the prices, interest rates or other indicators, referred to in § 13c subpara. 14, used by KDPW_CCP to calculate the value of positions in derivatives transactions.

§ 33a

1. KDPW_CCP shall determine the TZR settlement amount for each transaction with settlement (TZR) on each day R during the netting session and notify the clearing member being the clearing counterparty thereof.
2. PAA shall be calculated for a given clearing counterparty on each day R for the clearing of transactions with settlement (TZR) starting on the day following the day of the registration of the transaction in the OTC clearing system or following the conversion date, until the day up to which the clearing member is entitled to dispose of resulting amounts, inclusive.
3. PAA shall be calculated for a period equal to the number of calendar days between day R when the calculation is performed (inclusive) and day R+1 (exclusive) for the clearing of transactions with settlement (TZR) using the POLONIA interest rate for transactions with settlement (TZR) cleared in PLN and the ESTR rate for transactions with settlement (TZR) cleared in EUR.

§ 33b

After the end of the netting session on each day R, the marking to market (MTM) of transactions with settlement (TZR) shall be equal to 0, which shall be without prejudice to the obligation of each counterparty to the clearing of that transaction to execute payments determined until the end of the netting session.

CHAPTER 7

[revoked]

§ 34 - § 42

[revoked]

CHAPTER 8
TRANSACTION REPORTS

§ 43

KDPW_CCP shall send transaction reports to the trade repository for entities subject to the reporting obligation according to the applicable legal provisions other than KDPW_CCP immediately upon the clearing of transactions, subject to the fulfilment of the conditions referred to in § 44.

§ 44

1. Subject to subpara. 3-6, KDPW_CCP shall send transaction reports for entities subject to the reporting obligation according to the applicable legal provisions other than KDPW_CCP provided that the clearing member designates KDPW_CCP in the declaration referred to in § 24 subpara. 1 point 6 of the Clearing Rules as the entity to report transactions to the relevant trade repository and subsequently designates for this purpose, according to the procedure referred to in subpara. 2, the accounts to be reported.
2. The account shall be designated in in the account opening application or, if the account was opened earlier, send for this purpose to KDPW_CCP a message in the form and structure defined by KDPW_CCP on its website.
3. If a participant delegates to KDPW_CCP reporting of transactions to a trade repository for clearing accounts indicated by the participant, such accounts shall be defined by the participant by means of the client classification number (NKK) only for one client of the participant.
4. KDPW_CCP shall report transactions provided that additional information referred to in § 44a subpara. 1-2 is received for each clearing account, where reporting of such information to a trade repository is mandatory according to the applicable legal provisions and the rules defined by the trade repository to which such information is to be reported. KDPW_CCP shall publish the valid trade repository rules on its website or indicate the place of publication of such rules and their amendments.
5. KDPW_CCP shall report transactions registered in clearing accounts defined according to the procedure referred to in subpara. 1-4 and KDPW_CCP assumes that every transaction registered in such accounts, which meets the reporting obligation criteria laid down in regulations, is subject to the obligation of reporting to the trade repository according to the applicable legal provisions.
6. If a clearing member has not concluded an OTC transaction but has become a clearing counterparty to such transaction by representing in clearing another entity that has concluded the transaction on that market, KDPW_CCP shall report transactions for:
1/ that member – provided that:
a) it specifies KDPW_CCP as the reporting entity in the declaration referred to in § 24 subpara. 1 point 6 of the Clearing Rules,
b) it has a LEI or pre-LEI,
c) it provides all information concerning the entity as required according to the declaration template referred to in item (a);
2/ entities subject to the reporting obligation according to the applicable legal provisions other than KDPW_CCP and that member – subject to the fulfilment of the conditions referred to in subpara. 1-5 and, if

KDPW_CCP is to report transactions to the trade repository for an entity acting as a client's intermediary without becoming a clearing counterparty of transactions subject to the reporting obligation according to the applicable legal provisions and such transactions are to be registered in a clearing account opened by the clearing member for the client for which the entity acts as an intermediary, then provided that the member designates that entity in the declaration referred to in § 24 subpara. 1 point 6 of the Clearing Rules and provides all information concerning the entity as required according to the declaration template.

§ 44a

1. A clearing member that completes the actions referred to in § 44 subpara. 1 shall provide KDPW_CCP with the following information for the reporting of transactions:

1/ whether the client classification number (NKK) has been assigned to a client subject to the reporting obligation according to the applicable legal provisions (such information shall be provided according to the rules defined by the trade repository to which transactions are reported);

2/ LEI or pre-LEI of the client assigned the client classification number (NKK);

3/ identifier of the client assigned the client classification number (NKK) as financial/non-financial counterparty within the meaning of Article 2(8) or Article 2(9) of EMIR, respectively – not applicable where that person is a participant;

4/ the trading capacity of the client assigned the client classification number (NKK) for the clearing account – if the client is a counterparty to transactions registered in the account;

5/ whether the client/counterparty is established outside EEA - not applicable where that person is a participant;

6/ LEI or pre-LEI of the entity acting as the client's intermediary without becoming a transaction counterparty;

7/ identifier of the final beneficiary on whose order transactions registered in the clearing account are concluded but who is not a direct counterparty to such transactions – if transactions are concluded by the client for another entity;

8/ whether transactions registered in the clearing accounts are objectively measurable as reducing risks directly relating to the commercial activity or treasury financing activity of the client, as per Article 10(3) of EMIR – not applicable to a client that is a financial counterparty within the meaning of Article 2(8) of EMIR;

9/ whether the client has crossed the clearing threshold as per Article 10(2) of EMIR – not applicable to a client that is a financial counterparty within the meaning of Article 2(8) of EMIR;

10/ whether collateral has been deposited for the clearing member and, where its client has concluded the transaction, also for the client;

11/ whether portfolio collateral has been deposited for the clearing member and, where its client has concluded the transaction, also for the client;

12/ portfolio code for which collateral was deposited for transactions registered in the clearing account – where portfolio collateral is deposited for the clearing member and, where its client has concluded the transaction, also for the client;

13/ value of collateral deposited for the clearing member and, where its client has concluded the transaction, also for the client (where portfolio collateral is deposited, the value of all collateral deposited for the portfolio shall be specified);

14/ currency of the collateral for transactions registered in the clearing account –deposited for the clearing member and, where its client has concluded the transaction, also for the client;

15/ whether transactions registered in the clearing account are intragroup transactions within the meaning of Article 3 of EMIR.

2. The clearing member shall specify in the declaration referred to in § 24 subpara. 1 point 6 of the Clearing Rules its LEI or pre-LEI together with other information as required according to the declaration template and in addition, if it has completed the actions referred to in § 44 subpara. 1 and transactions are to be reported for own position accounts, additionally the information referred to in subpara. 1 points 6 and 15.

3. A clearing member shall provide KDPW_CCP with the information referred to in subpara. 1 points 1-12 and point 15 separately for each clearing account by sending to KDPW_CCP a message in the form and structure defined by KDPW_CCP on its website.

4. If a clearing member specifies KDPW_CCP in the declaration referred to in § 24 subpara. 1 point 6 of the Clearing Rules, KDPW_CCP shall start sending transaction reports to the trade repository on day R following the day when all of the following conditions are met:

1/ the participant provides the information referred to in subpara. 1 to KDPW_CCP, and

2/ the participant designates accounts according to § 44 subpara. 1 and 2.

§ 44b

1. Subject to subpara. 2, KDPW_CCP shall send transaction reports to the trade repository including all transaction information required according to the applicable legal provisions including the information:

1/ included in the clearing instruction and the declaration referred to in § 24 subpara. 1 point 6 of the Clearing Rules;

2/ if the clearing member completes the actions referred to in § 44 subpara. 1 and provided KDPW_CCP with the information referred to in § 44a – also that information.

2. If the clearing member fails to provide all information referred to in subpara. 1, KDPW_CCP shall send to the trade repository transaction reports including the information it has received, unless information not provided by the participant is required according to the applicable legal provisions including the provisions of the Commission Implementing Regulation (EU) No 1247/2012 of 19 December 2012 laying down implementing technical standards with regard to the format and frequency of trade reports to trade repositories (Official Journal of the EU L 352 from 2012, p. 20) as well as the rules defined by the trade repository to which such information shall be reported. If the clearing member fails to provide all information referred to in subpara. 1 and KDPW_CCP sends to the trade repository transaction reports which do not include certain required information, KDPW_CCP shall not be liable to the participant for rejection of such reports by the trade repository.

3. KDPW_CCP shall inform the clearing members on its website of the terms of assignment, according to the applicable legal provisions and the rules defined by the trade repository, of transaction reference numbers (TRN) and unique transaction identifiers (UTI) included in transaction reports sent to the trade repository.

§ 44c

On written request of a clearing member that fulfils the conditions referred to in § 44, KDPW_CCP shall provide a declaration of performance, according to the applicable legal provisions, of the obligation of reporting transactions to a trade repository for the transactions indicated by the member in the request.

CHAPTER 9
CANCELLING OPPOSITE POSITIONS

§ 45

1. KDPW_CCP shall cancel opposite positions registered in a clearing account on the basis of a message received from the clearing member, in the form and structure defined by KDPW_CCP on its website, which specifies the identifier of the clearing account maintained for the member in which opposite positions are to be cancelled.
2. Cancellation referred to in subpara. 1 shall be performed during each netting session following the close of a clearing session.
3. KDPW_CCP shall start cancelling transactions registered in the account specified in the message referred to in subpara. 1 as of the day of receipt of the message, subject to subpara. 4.
4. If the message referred to in subpara. 1 is submitted after the start of a netting session, the provisions of subpara. 3 shall apply provided that it is still technically feasible, taking into account the session timetable. If the condition is not met, KDPW_CCP shall start cancelling transactions as of the day following the day of receipt of the message.
5. KDPW_CCP shall stop cancelling transactions in the clearing account as of the day of receipt of the clearing member's message requesting that cancellation of positions should end, in the form and structure defined by KDPW_CCP on its website, which specifies the identifier of the clearing account concerned by the request. Subpara. 3 shall apply accordingly to the position cancellation end date.

§ 46

1. Opposite positions shall be cancelled on a FIFO (first in first out) basis. This means that:
1/ if more than one opposite position registered in a clearing account specified by the clearing member fulfils the cancellation criteria, those positions which were registered in the clearing account first shall be cancelled first;
2/ if it is not possible to cancel the entire value of a position, KDPW_CCP shall cancel it to the extent possible and concurrently change the value of positions registered in the clearing account.
2. KDPW_CCP shall notify the clearing member of performed cancellation referred to in subpara. 1 by sending, before the end of the relevant netting session, information which specifies the positions cancelled in full and the positions cancelled in part.

CHAPTER 10
COLLATERAL

§ 47

1. Margins shall secure the liabilities of the participant who deposits the margins, which arise from the clearing member status held by the participant, including both liabilities which arise before the margins are deposited and liabilities which arise after the margins are deposited.
2. Margins shall be established on the day they are deposited according to the provisions of Title V Section IV "Transaction Clearing Liquidity Guarantee System" of the Clearing Rules and the Detailed Rules of Transaction Clearing, and shall expire on 1 January 2100, subject to subpara. 3-5.
3. The term of a margin set in subpara. 2 may change prior to expiry.

4. A margin shall also expire on the day of:
1/ termination of participation in the OTC clearing system, provided that positions in clearing accounts maintained for the entity whose participation is to expire have been cancelled or it has performed all obligations arising from participation in the system; or
2/ KDPW_CCP has returned assets deposited as a margin according to the provisions of Title V Section IV "Transaction Clearing Liquidity Guarantee System" of the Clearing Rules and this Chapter, up to the amount of returned assets.
5. The law governing the establishment of collateral in securities registered in the relevant depository system and governing contributions of such securities shall be:
1/ the applicable law in the state of the registered office of Clearstream – for securities registered in an account with Clearstream, or
2/ the applicable law in the state of the registered office of Euroclear – for securities registered in an account with Euroclear.

§ 47a

1. KDPW_CCP shall, on each day R, calculate the amount of relevant margins required from each clearing member in PLN according to the calculation algorithm referred to in Appendix 6, using the following risk parameters to ensure stable and prudent estimation of margin requirements:
1/ confidence interval not lower than 99.5%,
2/ position liquidation period not shorter than five working days,
3/ market data lookback window of at least the last 12 months.
KDPW_CCP shall publish on its website the determined risk parameters referred in points 1-3 as well as the structure of messages which notify of the risk parameters used in the calculations.
2. KDPW_CCP shall determine the margin requirement for a clearing member taking into account the correlation of the member's positions in different clearing accounts for derivatives transactions. Margin reductions shall be capped at the amount necessary to cover the risk of change in the correlation of positions.
3. The detailed method of calculating relevant margins is described in Appendix 6.

§ 47b

1. The value of securities or cash credited as initial deposits, initial margins or contributions to the OTC guarantee funds in the form of:
1/ securities, including securities denominated in EUR,
2/ cash in EUR
shall be determined on the basis of the applicable haircut rate referred to in § 48.
2. A 100% haircut rate assigned to securities bearing a specific identifier or cash in EUR shall mean that, in the period of such assignment, no part of the value of such securities or cash shall be recognised in determining the value of collateral deposited by the participant. KDPW_CCP shall assign a haircut rate of 100% to securities which are deposited with KDPW_CCP as margins or as contributions to the OTC guarantee fund but do not meet the criteria of acceptable securities.
3. Assets designated as initial margin shall be credited as such margin as follows:
1/ cash, including cash in EUR, shall be deposited and credited in the amount of the difference between the initial margin calculated for the relevant client classification number (NKK) and the value of securities credited

to the margin, deposited in the collateral account assigned to the clearing account or accounts of the participant, subject to § 80 subpara. 1-3 of the Clearing Rules;
2/ securities referred to in § 79 subpara. 3 of the Clearing Rules shall be credited up to 60% of the initial margin amount calculated for the relevant client classification number (NKK) according to § 82 subpara. 4 of the Clearing Rules, subject to § 80 of the Clearing Rules.
4. Securities referred to in § 4 subpara. 1 points 2 and 3 of the OTC Guarantee Fund Rules shall be credited to the participants' contribution to the OTC guarantee fund up to 90% of the sum of updated amounts of its contributions to the fund.
5. KDPW_CCP shall credit to relevant margins indicated by the participant only such securities which are deposited for such purpose according to the Clearing Rules unless crediting them causes the concentration limits referred to in § 86a of the Clearing Rules to be breached. KDPW_CCP shall credit to a contribution to the OTC guarantee fund only such securities which are deposited for such purpose according to the rules of the fund.
6. Securities deposited by a participant or its agent shall be credited to the initial deposit or the initial margin provided that the securities are transferred according to § 86 subpara. 1 of the Clearing Rules to the KDPW_CCP securities account no later than 18:00 on the day when the clearing member is notified by KDPW_CCP that the member is required to deposit or adjust the margin.
7. Cash shall be credited to the initial deposit or the initial margin provided that the account indicated by KDPW_CCP as referred to in § 51 subpara. 1 is credited no later than 18:00 CET on the day when the clearing member is notified by KDPW_CCP that the member is required to deposit or adjust the required margin.
8. Assets deposited as an initial deposit or an initial margin or as a contribution to the OTC guarantee fund shall be credited by registering the value of the deposited collateral in the clearing system, which shall take place no later than 18:00 CET on day R when such assets are transferred to KDPW_CCP. Until the time of the credit, the value of the deposited assets shall not be included in KDPW_CCP's calculation of the value of margins or contributions to the OTC guarantee fund deposited by the participant.
9. The provisions of subpara. 6-8 shall apply accordingly to an adjustment contribution to the OTC guarantee fund in securities or in cash.
10. A participant's liabilities in respect of margins shall be equal to the sum of margins required from the participant calculated separately for each collateral account.

§ 47c

1. Acceptable securities referred to in § 4 subpara. 1 point 2 of the OTC Guarantee Fund Rules shall only include Treasury bonds traded in the territory of the Republic of Poland.
2. Subject to subpara. 3, acceptable securities referred to in § 79 subpara. 3 point 4 of the Clearing Rules and § 4 subpara. 1 point 3 of the OTC Guarantee Fund Rules shall only include bonds issued by European Union member states other than the Republic of Poland which meet the following conditions:
1/ for bonds registered in the relevant depository system – they are acceptable to the entity operating the system as securities eligible for a service agreement,
2/ the rating of the bonds, or
3/ the rating of the member state which issued the bonds
is not lower than:
a) AA- if rated by Standard & Poors Rating Services,

b) AA- if rated by Fitch Ratings,
c) AA3 – if rated by Moody's Investors Service.
Where both the bonds and the member state which issued the bonds are rated or where more than one rating agency referred to in items (a)-(c) issued a rating, the acceptability of the securities shall be assessed on the basis of the lower of the rating of the bonds or the member state.
3. Acceptable securities referred to in subpara. 2 shall only include securities registered in an account with:
1/Clearstream,
2/ Euroclear,
3/ KDPW.
4. If a participant deposits securities referred to in subpara. 2 as margins or contributions to the OTC guarantee fund, this shall imply that:
1/ the securities are free of any encumbrances with the rights of third parties restricting the effective satisfaction of KDPW_CCP claims with such securities with precedence over other parties,
2/ the service agreement under which the securities are deposited has been executed by duly authorised representatives of the participant or its collateral agent,
3/ the orders to deposit the securities were submitted on the basis of valid and effective authorisations by duly authorised representatives of the participant or its collateral agent.
5. Acceptable securities referred to in § 79 subpara. 3 point 4 of the Clearing Rules and in § 4 subpara. 1 point 3 of the OTC clearing fund rules shall be deposited as margins or contributions to the OTC guarantee fund through the entity operating the relevant depository system.
6. KDPW_CCP shall determine the value of acceptable securities registered in the relevant depository systems through the entities operating such systems under service agreements concluded with them. KDPW_CCP shall determine and communicate to the entities operating such systems the haircuts of acceptable securities to apply when determining the value of such securities.
7. The entities referred to in subpara. 6 shall determine the value of acceptable securities on the terms laid down in the service agreements, using current data available from the agencies named in the agreements or other sources named therein.

§ 48

The list of securities, referred to in § 80 subpara. 4 of the Clearing Rules, and the assigned haircut rates shall be:
1/ notified to the clearing members via the SEI system in a message;
2/ effective as of notification to the clearing members according to point 1.
2. The list of securities referred to in subpara. 1 shall also include acceptable securities which may be contributed to the OTC guarantee fund.
3. If a security is excluded from the service agreement by the entity operating the relevant depository system, it shall no longer be an acceptable security. In that case, KDPW_CCP shall immediately update the list of securities referred to in subpara. 1.
4. The provisions of subpara. 1 shall apply accordingly to KDPW_CCP's publication of the haircut for cash deposited in EUR as:
1/ margins,
2/ contributions to the OTC guarantee fund.

§ 49

1. For a clearing member to deposit a margin in acceptable securities registered in the system operated by KDPW or to contribute such securities to the OTC guarantee fund, the clearing member which is a participant of KDPW shall submit to KDPW_CCP an instruction to deposit the securities as a margin. On its receipt of the instruction, KDPW_CCP shall immediately issue on its basis a relevant settlement instruction for KDPW. As a result of the execution of such instruction, under a relevant agreement concluded with KDPW, securities concerned by such instruction shall be registered in a securities account maintained by KDPW for KDPW_CCP, respectively.

2. For a clearing member to deposit a margin or make a contribution to the OTC guarantee fund in acceptable securities registered in the system operated by KDPW through a settlement agent, the agent shall submit directly to KDPW a settlement instruction whose execution results in a transfer of securities from the securities account of the settlement agent to the account of KDPW_CCP maintained for it in the institution. In that case, the instruction shall be submitted according to the rules of the settlement institution provided that such instruction specifies the information referred to in subpara. 3. Where securities are deposited as a margin through a settlement agent, the clearing member shall obligate the agent, before submitting the first instruction, to submit to KDPW_CCP a written declaration which designates the clearing member for which the margins are to be deposited in securities through the agent. Margins and contributions referred to in the first sentence may be deposited through a settlement agent also on the basis of the participant's instructions submitted by it to KDPW_CCP on the terms defined in subpara. 1.

3. A margin shall be deposited by a participant acting through a settlement agent in securities recorded in the account maintained by KDPW for KDPW_CCP.

4. To deposit margins or contributions to the OTC guarantee fund in acceptable securities registered in the relevant depository system, the participant shall:

1/ conclude a service agreement:

a) for Clearstream – with the entity operating the system and, where it has access to the system through a foreign custodian, additionally an agreement with the entity operating the system and the foreign custodian, or

b) for Euroclear – with the entity operating the system and with KDPW_CCP (tri-party agreement)

and authorise directly, or through the foreign custodian, the entity operating the system, to the extent required by that entity, to take all actions in the system necessary for effective transfers of securities from the participant's account to the collateral account maintained for KDPW_CCP in the system when depositing margins or contributions to the OTC guarantee fund by the participant;

2/ notify KDPW_CCP, which is not a party to the agreement referred to in point 1, of the conclusion of the service agreement in order to enable it to activate the service of establishing collateral in the relevant depository system for such participant and, respectively, of its participant identifier or account identifier in the system.

In the notification referred to in point 2, the participant shall:

a/ represent that it has taken the actions referred to in points 1, 4-5 and 7-9 according to the requirements of the Clearing Rules and the Detailed Rules of the OTC Clearing System;

b/ specify its participant identifier or account identifier in the relevant depository system;

c/ give the consent referred to in point 10; and

d/ authorise KDPW_CCP to take actions necessary to activate for the participant the option of establishing

collateral in acceptable securities registered in the relevant depository system;
3/ submit to KDPW_CCP orders which specify the value equal to the value of acceptable securities (after the application of the haircut) deposited by the participant in the system as margins or contributions to the OTC guarantee fund;
4/ take actions required under the service agreement, necessary for the entity operating the relevant depository system to activate services, and submit to the entity operating the relevant depository system instructions according to the orders referred to in point 3;
5/ deposit securities under the service agreements executed by duly authorised representatives of the participant or its collateral agent;
6/ submit orders to the relevant depository system according to the service agreement, through duly authorised representatives of the participant or its collateral agent acting on the basis of valid and effective authorisations;
7/ authorise the collateral agent or the entity operating the relevant depository system, respectively, to flag securities which:
a) are to be deposited by the participant as margins or contributions to the OTC guarantee fund; and
b) are to be released by KDPW_CCP from the collateral account maintained by the entity for KDPW_CCP;
c) are to be substituted on the terms of the service agreement
where the entity operating the relevant depository system shall be authorised in the service agreement or on the terms defined by that entity;
8/ ensure the service of establishing and using collateral according to the Clearing Rules and the Detailed Rules of the OTC Clearing System;
9/ take other actions required under the service agreement or other rules or regulations defined by the entity operating the relevant depository system where necessary for the proper implementation of the service agreement according to the Clearing Rules or resolutions of the Management Board issued under the Clearing Rules;
10/ give its consent for KDPW_CCP to notify the entity operating the relevant depository system of an event of default of the participant as the basis of the use of collateral in securities deposited by it for KDPW_CCP in the system.
5. A participant depositing margins referred to in subpara. 4 through a collateral agent who is not a foreign custodian shall ensure that its agent takes the actions referred to in subpara. 4 point 1, 3-6 and 8-9. A participant depositing margins referred to in subpara. 4 through a collateral agent who is a foreign custodian shall ensure that its agent takes the actions referred to in subpara. 4 point 3-6 and 8-9.
6. A margin or contribution to the OTC guarantee fund shall be deposited by a clearing member in securities deposited in the collateral account maintained for KDPW_CCP in the relevant depository system through the entity operating the system and, where the participant acts through a collateral agent, additionally through the agent.
7. A clearing member shall not appoint as its collateral agent any entity which:
1/ is a participant of the relevant depository system and has been appointed as a collateral agent for another clearing member, or
2/ a clearing member who is a participant of the relevant depository system and deposits with KDPW_CCP securities registered in the system as margins or contributions to the OTC guarantee fund.
3. Instructions referred to in subpara. 1-2 and orders of a participant referred to in subpara. 4 point 3 shall

specify, respectively:
1/ the type of margin for which the securities are deposited,
2/ the participant for whom the margin is deposited, where the instruction is submitted by the settlement agent,
3/ the settlement agent or the collateral agent, where the instruction is submitted by a participant depositing collateral through such agents,
4/ the participant's relevant clearing account for which the collateral is deposited,
5/ the quantity of securities and their ISIN code – for securities registered in KDPW,
6/ the code of the entity operating the relevant depository system,
7/ the value of contributions to the OTC guarantee fund, indicating the type of contribution to the fund and the type of activity for which such contributions are made – where the instruction is submitted by a participant referred to in subpara. 4.
9. Securities deposited as margins or contributions to the OTC guarantee fund shall be transferred according to § 86 subpara. 1 of the Clearing Rules to the KDPW_CCP securities account from the account indicated by the clearing member according to § 23 subpara. 2 point 2 or 6 of the Clearing Rules.
10. Assets deposited in securities as a margin or contribution to the OTC guarantee fund shall be credited by being registered in the clearing system. From the moment securities are credited to a margin or contribution, their value after valuation shall be included in the calculation of the participant's debits in respect of the adjustment of margins or contributions to the OTC guarantee fund.
11. A participant shall be notified in a relevant message that the following have been credited to a relevant margin or contribution to the OTC guarantee fund:
1/ specific securities, and their value after the application of the haircut – for securities registered in KDPW, or
2/ a specific value of securities (calculated before and after the currency conversion) – for securities registered in the relevant depository system.
At the written request of the participant, KDPW_CCP shall notify the participant in writing of the securities referred to in point 2 which have been deposited by the participant or credited to margins or contributions to the OTC guarantee fund. In the request, the participant shall specify the period of such notification.

§ 50

1. A return transfer of securities registered in KDPW, deposited as margins or contributions to the OTC guarantee fund, shall take place on request of the clearing member submitted to KDPW_CCP as an order or as a result of KDPW's execution of a settlement instruction submitted to it by the settlement agent, matched with the corresponding instruction submitted to KDPW by KDPW_CCP. An order or instruction should specify:
1/ the securities to be returned,
2/ the date of return of securities, in a way that allows to execute the order in the settlement system operated by KDPW,
3/ the identifier of the relevant clearing account of the participant, for which the collateral is established.
2. On the day R following the day of receipt of an order referred to in subpara. 1, KDPW_CCP shall submit to the settlement system operated by KDPW an instruction to transfer the securities specified in the order to the account maintained in the system from which the securities were deposited as a margin or contribution to the OTC clearing fund. If a participant of the settlement system operated by KDPW is no longer the settlement agent of the clearing member, KDPW_CCP shall submit to the system an instruction to transfer the securities

referred to in subpara. 1 to the account maintained in the system for such participant or for its new settlement agent, indicated to KDPW_CCP by the participant in the update of the data referred to in § 23 subpara. 2 point 6 of the Clearing Rules.

3. Establishing a margin or making a contribution to the OTC guarantee fund by a clearing member through a settlement agent shall be tantamount with the participant's consent for the securities deposited by the participant in the KDPW_CCP account to be returned to the participant to the securities account of the settlement agent from which the securities were deposited with KDPW_CCP.

4. Subject to subpara. 1 point 2, a return transfer of securities shall take place on the date specified in the order or instruction referred to in subpara. 1 provided that:

1/ they do not need to be used in order to settle liabilities of the clearing member secured with the margin deposited by the participant in the form of such securities,

2/ the conditions set out in § 86 subpara. 5 of the Clearing Rules are fulfilled or the participant who deposits the margin no longer holds the status of clearing member,

3/ the order was submitted to KDPW_CCP before 18:00 CET on the day preceding the day of the return transfer of the securities.

5. Subject to subpara. 6, securities registered in the relevant depository system, deposited with KDPW_CCP as margins or contributions to the OTC guarantee fund, shall be returned at the request of the participant on the basis of an order submitted by the participant to KDPW_CCP which specifies the value of securities up to which, following the application of the haircut, the securities are to be returned to the participant. If such value does not represent an integer number of securities to be returned, the order shall be executed in the value corresponding to the maximum integer number of securities which may be returned to the participant on the terms of the service agreement. The provisions of § 49 subpara. 8 shall apply accordingly to such orders. On the basis of an order received from the participant, KDPW_CCP shall submit a relevant instruction to the relevant depository system to ensure the execution of the instruction on its due date.

6. Securities registered in the relevant depository system, deposited as margins or contributions to the OTC guarantee fund, to the extent that due to an increase in value their value exceeds the value specified by the participant in the instruction referred to in § 49 subpara. 4 point 2 or subpara. 5, shall be released through the entity operating the relevant depository system, under the service agreement, on the basis of settlement instructions issued by such entity. The provisions of the second sentence of subpara. 5 shall apply accordingly.

7. If the entity operating the relevant depository system terminates the service agreement with the clearing member or its collateral agent, effective immediately, KDPW_CCP may submit to the relevant depository system an instruction which specifies the value of securities to be deposited in the KDPW_CCP collateral account equal to zero. On the execution of such instruction, securities deposited by the participant in the collateral account shall be returned to the participant or its agent through the entity operating the relevant depository system and the participant shall be unable to deposit such securities as new margins or contributions in the collateral account. In that case, the participant shall immediately adjust margins and contributions to the OTC guarantee fund with other assets acceptable to KDPW_CCP. If KDPW_CCP waives the right referred to in the first sentence, KDPW_CCP shall return securities to the participant, in cases referred to in subpara. 5-6, after the participant once again fulfils the conditions referred to in § 49 subpara. 4-7.

8. Establishing a margin or making a contribution to the OTC guarantee fund by a clearing member through a collateral agent shall be tantamount with the participant's consent for the securities deposited

by the participant in the collateral account to be returned to the participant to the securities account of the collateral agent from which the securities were deposited with KDPW_CCP.

9. If KDPW_CCP becomes aware of credible information about circumstances referred to in § 9c(1) of the Rules of Transaction Clearing (Non-organised Trading) occurring in relation to a participant or its client, KDPW_CCP may withhold, in accordance with that provision, instructions relating to a request made by that participant for KDPW_CCP to return assets posted by that participant as a margin or a contribution to the OTC guarantee fund.

§ 51

1. An initial deposit shall be deposited in cash:
1/ in EUR, and
2/ in PLN
by debiting the relevant bank account indicated by the participant according to § 23 subpara. 2 point 3 of the Clearing Rules and by crediting the KDPW_CCP bank account maintained for KDPW_CCP by the National Bank of Poland.

2. Assets referred to in subpara. 1 shall be deposited according to an order of the clearing member which shall specify the following:
1/ the currency and the amount of deposited assets,
2/ the type of margin for which the assets are deposited,
3/ the identifier of the participant in the system or the identifier of the clearing account for which the collateral is established,
4/ the payment agent if the payment takes place through the payment agent's bank account,
5/ the date of depositing the assets.
An order for cash:
in EUR – should be submitted no later than 12:00 on day R when the order is to be executed,
in PLN – should be submitted no later than 18:00 on day R when the order is to be executed
(cut-off time). Orders submitted after the cut-off time shall be rejected.

3. Cash referred to in subpara. 2 shall be credited to an initial margin provided that KDPW_CCP approves the order referred to in subpara. 2.

4. The provisions of subpara. 1-3 shall apply accordingly to contributions to the OTC guarantee fund made in EUR. In that case, the order should additionally specify the guarantee fund to which the contribution is made, the type of contribution, and the type of activity for which the contribution is made.

5. Assets in PLN shall be deposited as an initial margin by debiting the relevant bank account indicated by the participant according to § 23 subpara. 2 point 3 of the Clearing Rules up to the amount of the clearing member's liabilities in respect of such margin determined by KDPW_CCP. The account shall be debited by KDPW_CCP or KDPW acting to such extent by order of and according to instructions issued by KDPW_CCP.

6. A participant's order, referred to in subpara. 2, and an order concerning a contribution to the OTC guarantee fund shall be executed on the date specified in the order.

7. Cash referred to in subpara. 1 shall be credited to a margin by being registered in the clearing system. A participant shall be notified in a relevant message that cash has been credited to a relevant margin or contribution to the OTC guarantee fund. From the moment cash is credited, the value of cash deposited as a

margin or contribution to the OTC guarantee fund shall be included in the calculation of the participant's debits in respect of the adjustment of margins or contributions to the OTC guarantee fund.

§ 52

[revoked]

§ 53

1. A return transfer of cash referred to in § 51 subpara. 1 and 4 shall take place on the basis of an order of the clearing member which specifies:
1/ the currency and the amount of returned assets,
2/ the type of margin for which the assets are returned and, for a release of assets deposited as a contribution to the OTC guarantee fund – the guarantee fund of the released contribution, the type of released contribution, and the type of activity for which the contribution is to be released,
3/ the identifier of the participant in the system or the identifier of the clearing account for which the collateral is returned,
4/ the payment agent if the assets are returned through the payment agent's bank account,
5/ the date of the return.
An order for cash:
in EUR – should be submitted no later than 14:00 on day R when the order is to be executed,
in PLN – should be submitted no later than 17:15 on day R when the order is to be executed
(cut-off time). Orders submitted after the cut-off time shall be rejected.
2. Cash referred to in subpara. 1 shall be returned to the account of the clearing member or its payment agent maintained in the relevant currency and indicated by the clearing member according to § 23 subpara. 2 point 3 or 4 of the Clearing Rules. Cash referred to in subpara. 1 shall be returned on the date specified in the order referred to in subpara. 1 unless it must be used to ensure the performance of obligations of the clearing member secured with its margin comprised of such cash.
3. Cash referred to in § 51 subpara. 4 shall be returned by crediting the relevant bank account indicated by the clearing member according to § 23 subpara. 2 point 3 or 4 of the Clearing Rules up to the amount of the surplus of assets deposited by the clearing member as such margins determined by KDPW_CCP. The account shall be credited by KDPW_CCP or KDPW acting to such extent by order of and according to instructions issued by KDPW_CCP.
4. If the entity indicated by a participant is no longer the payment agent, cash referred to in § 51 subpara. 4 shall be returned or released to the account of the participant or its new payment agent indicated to KDPW_CCP by the participant in the update of the data referred to in § 23 subpara. 2 point 4 of the Clearing Rules.
5. Establishing a margin in cash or making a contribution to the OTC guarantee fund in cash by a clearing member through a payment agent shall be tantamount with the participant's consent for the cash deposited in the KDPW_CCP account to be returned to the participant to the account of the payment agent from which the cash was deposited with KDPW_CCP.

§ 54

1. A clearing member who has received the information referred to in § 31 and who is obliged to make a cash

payment in respect of liabilities resulting from the clearing of transactions according to that information shall be obliged, not later than 15 minutes before a clearing session opens on day R+1, to hold in the bank account maintained in the clearing bank designated pursuant to § 23 subpara. 2 point 3 of the Clearing Rules, an amount sufficient to settle such liabilities to KDPW_CCP taking into consideration other liabilities of the member arising in connection with its participation.

2. If, after the expiry of the time limit referred to in subpara. 1, there is a shortage of balance in the bank account maintained in the clearing bank designated by the clearing member pursuant to § 23 subpara. 2 point 3 of the Clearing Rules, the value of the initial deposit in cash deposited by the member shall be reduced by the amount equivalent to the shortage of balance. The initial deposit shall be reduced before a clearing session opens on day R+1.

§ 55

1. KDPW_CCP shall determine the market value of the currency EUR according to current market data available from the following news services:

1/ LSEG, or

2/ Bloomberg.

2. In determining the market value of EUR, KDPW_CCP shall use in the first place data available from the Bloomberg service. If data from the service are incomplete on any clearing day, their availability is limited or the adequacy of the data raises reasonable doubt in the opinion of KDPW_CCP, then KDPW_CCP shall use data available from the LSEG service.

3. KDPW_CCP shall determine the market value of the currency EUR at each day R by downloading at 17:00 the market data from the agency referred to in subpara. 1. If such data is not available, KDPW_CCP shall determine the market value of the currency EUR according to the mid exchange rate of EUR published by NBP at such day.

4. The valuation of cash deposited by clearing members in the currency EUR at day R, before the valuation on the terms defined in subpara. 3 at such day, shall be made at previous day's value.

5. The value of a foreign currency other than EUR shall be determined in the Polish currency on the terms defined in subpara. 1 – 4 accordingly.

6. The value of securities referred to in § 79 subpara. 3 point 4 of the Clearing Rules shall be determined by entities operating the relevant depository systems on the terms laid down in service agreements concluded with them and, where KDPW_CCP has no access to such valuation, by KDPW_CCP on the terms laid down in subpara. 1 – 4 which shall apply accordingly. Entities operating the relevant depository systems shall determine the value of securities referred to in the first sentence in EUR. KDPW_CCP shall convert EUR to PLN by using the rules laid down in subpara. 1 – 4 accordingly.

§ 56

1. KDPW_CCP shall set a variation margin (VM) for each transaction with margin (TZD) on each day R during the netting session and notify the clearing member being the clearing counterparty thereof.

2. Interest on a deposited cumulative variation margin /CVM/ shall be calculated for a given clearing counterparty on each day R for the clearing of transactions with margin (TZD) starting on the day following the day of registration of the transaction in the OTC clearing system until the day up to which the clearing member is entitled to dispose of resulting amounts, inclusive.

3. Interest on a deposited variation margin /VM/ shall be calculated for a period equal to the number of calendar days between day R when the calculation is performed (inclusive) and day R+1 (exclusive) for the clearing of transactions with margin (TZD) using the POLONIA interest rate for transactions with margin (TZD) cleared in PLN and the ESTR rate for transactions with margin (TZD) cleared in EUR.

CHAPTER 11
RISK MONITORING

§ 57

1. On every day R, KDPW_CCP shall monitor the impact of transactions accepted for clearing in the OTC clearing system on the utilisation of the collateral limit.
2. KDPW_CCP shall inform the clearing member of the utilisation of the collateral limit upon the registration in the OTC clearing system of each next transaction to which the member is a clearing counterparty.
3. The detailed rules of calculating collateral limits are set out in Appendix 7.

§ 58 - § 60

[revoked]

CHAPTER 12
PROCESSING AUTOMATIC CLOSING OF POSITIONS AND CLOSING OF POSITIONS ON DEMAND

§ 61

Processing of the automatic closing of positions is described in Appendix 8.

§ 62

Processing of the closing of positions on demand is described in Appendix 9.

CHAPTER 13
CONVERSION

§ 62a

1. To convert a transaction with margin (TDZ) into a transaction with settlement (TZR), the clearing member shall:
1/ submit an order indicating the clearing account in which transactions with margin (TZD) to be converted into transactions with settlement (TZR) are registered, or
2/ submit an order to transfer positions for a transaction with margin (TZD) to the clearing account which was previously indicated according to § 13d or § 62b for a transaction with settlement (TZR).
2. The conversion of a transaction on the basis of an order referred to in points 1 and 2 shall only be executed in own position accounts.

§ 62b

1. An order referred to in § 62a subpara. 1 point 1 shall be submitted by the clearing member according to the template defined by KDPW_CCP no later than the business day preceding the conversion date referred to in §

62d subpara. 1. The order shall cover all transactions registered in the indicated account at the conversion date and subsequent transaction sent for clearing or subject to a transfer of positions to be registered in such account, and it shall be valid until the relevant account is closed.
2. In the order referred to in subpara. 1, the clearing member shall:
1/ indicate the conversion date of the order in compliance with § 62d subpara. 1, which is no earlier than day R after the delivery of the order by the participant to KDPW_CCP;
2/ give consent for the conversion, on the terms referred to in the Detailed Rules of the OTC Clearing System, at the indicated conversion date, of transactions registered in the indicated clearing account before the conversion date and transactions to be registered as of the conversion date, into transactions with settlement (TZR);
3/ confirm that the terms of the transactions to be converted in connection with the calculation of the TZR settlement amount, the TZR cumulative settlement amount and PAA, referred to in § 1 point 42, comply with the Detailed Rules of the OTC Clearing System;
4/ confirm that the conversion of the transactions referred to in subpara. 1 into transactions with settlement (TZR) is not in breach of the terms on which the transaction sent for clearing was concluded;
5/ to the extent of transactions to be converted and subsequent transactions sent to the OTC clearing system or subject to a transfer of positions as of the conversion date:
a/ make a declaration to the effect that each transaction sent to the clearing account indicated in the order is to be a transaction with settlement (TZR) and if a transaction is sent as a result of a transfer of positions, it shall be converted into a transaction with settlement (TZR) according to this Chapter;
b/ ensure that the terms of each transaction to be registered in the indicated clearing account in connection with the calculation of the TZR settlement amount, the TZR cumulative settlement amount and PAA, referred to in § 1 point 42, comply with the Detailed Rules of the OTC Clearing System, and confirm their compliance with the foregoing provisions;
c/ confirm that the registration of a transaction in the OTC clearing system as a TZR transaction is not in breach of the terms on which the transaction sent for clearing was concluded and that such terms comply with the Detailed Rules of the OTC Clearing System;
6/ not modify or cancel a submitted order within the lifetime of the clearing account concerned by such order, and consequently waive the right to modify or cancel such order.
3. An order submitted at the conversion date referred to in § 62d subpara. 1 or prepared in breach of the Detailed Rules of the OTC Clearing System shall not be accepted for execution.

§ 62c

1. The clearing member being a counterparty to the clearing of a transaction with margin (TZD), who previously effectively submitted an order referred to in § 13d subpara. 2 or § 62a subpara. 1 point 2, may submit to KDPW_CCP an order to transfer positions for such transaction referred to in § 62a subpara. 1 point 2. The submission of an order by the clearing member shall be tantamount to the clearing member's unconditional consent to have the transaction concerned by the order converted on the terms defined in the Detailed Rules of the OTC Clearing System.
2. The order to transfer positions, referred to in § 62a subpara. 1 point 1, should be submitted to KDPW_CCP before the end of the clearing session on the conversion date referred to in § 62d subpara. 1. The order shall not be accepted for execution if the clearing member failed to submit it on time or the order referred to in §

13d subpara. 2 of § 62a subpara. 1 point 1 was not effectively submitted previously for the clearing account in which positions arising from the transaction to be converted into a transaction with settlement (TZR) is to be registered or in the event of any other breach of the Detailed Rules of the OTC Clearing System. If the order is not accepted, the transfer of positions arising from the transaction to be converted to a transaction with settlement (TZR) shall not be executed, either.

§ 62d

1. KDPW shall perform the conversion of transactions with margin (TZD) indicated by the clearing member in the order referred to in § 62a subpara. 1 point 1 or point 2, respectively, submitted in accordance with § 62b or § 62c, respectively, into transactions with settlement (TZR) on each day R after the end of the clearing session, effective as of the start of the netting session on that day, and in the event of the conversion of the transaction on the basis of an order to transfer positions referred to in § 62a subpara. 1 point 2 – at the same time effective as of the execution of the transfer in the OTC clearing system (conversion date).
2. At the conversion date:
1/ KDPW_CCP shall make an entry in the OTC clearing system for transactions registered in the own position account indicated by the participant or transactions subject to a transfer of positions, including the information that these are, according to the order of the participant referred to in § 62a subpara. 1 point 1 or point 2, respectively, transactions with settlement (TZR), subject to § 62e;
2/ the amount provided on the basis of the transaction to be converted as a variable margin shall become the TZR settlement amount and it shall be included in the valuation of transactions with settlement (TZR).

§ 62e

1. KDPW_CCP shall consent to the conversion of a transaction with margin (TZD) to a transaction with settlement (TZR) at the conversion date referred to in § 62d subpara. 1 provided that:
1/ the order referred to in § 13d subpara. 1, § 62a subpara. 1 and 2, respectively, was submitted to KDPW_CCP on the terms and within the time limits defined in the Detailed Rules of the OTC Clearing System;
2/ no event of default or suspension of participation in the OTC clearing system is identified with respect to the clearing member being the counterparty to the clearing of the transaction at the conversion date;
3/ if the clearing member submits an order to transfer positions referred to in § 62a subpara. 1 point 2, the transfer of the position arising from the transaction to be converted into a transaction with settlement (TZR) has been executed.
2. The conversion of a transaction with margin (TZD) to transactions with settlement (TZR) shall be without prejudice to the obligations arising from such transaction which became due before the conversion date.

§ 63

[revoked]

CHAPTER 14
CHECKING THE IMPACT OF A HYPOTHETICAL TRANSACTION ON THE UTILISATION OF THE COLLATERAL LIMIT

§ 64

1. On every day R during a clearing session, the clearing member may deliver to KDPW_CCP an order to check the impact of a hypothetical transaction on the utilisation of the collateral limit.

2. The orders referred to in subpara. 1 delivered to KDPW_CCP after the close of the clearing session on day R shall not be executed.

§ 65

Immediately upon receipt from the clearing member of an order referred to in § 64, KDPW_CCP shall inform the member about the hypothetical utilisation of the collateral limit in case of acceptance of the hypothetical transaction for clearing.

CHAPTER 15
TRANSFERS OF POSITIONS

§ 65a

Where securities registered in the relevant depository system are deposited as margins or contributions to the OTC guarantee fund, the collateral comprised of such securities may only be transferred to a clearing member which is a participant of the relevant depository system or has a collateral agent in that system.

CHAPTER 15A
PROCESSING ON-DEMAND TRANSFERS OF POSITIONS OR ASSETS SECURING SUCH POSITIONS

§ 66

On-demand transfers shall include:
1/ transfers of positions and assets securing such positions,
2/ transfers of positions,
3/ transfers in a participant's accounts.

§ 67

1. Orders to transfer positions and assets securing such positions recognised as initial margin shall be submitted in writing.
2. Subject to subpara. 3, a transfer order shall include the following:
1/ a clear indication that the transfer is to cover all positions which are or will be registered in the clearing account on the day of the transfer and all assets registered in the collateral account assigned to that account,
2/ the identifiers of the clearing accounts between which the transfer is to be executed,
3/ the date of the transfer, which is a day R falling no earlier than the date of submission of the order,
4/ the amount of assets to be transferred in a given currency, registered in the collateral accounts as a margin, indicating that the transfer is to cover all assets registered in the collateral account assigned to the clearing account from which the positions are to be transferred,
5/ the quantity and the ISIN code or other identifier in the relevant depository system of securities whose value is credited to the initial margin, indicating that the transfer is to cover all assets registered in the collateral account assigned to the clearing account from which the positions are to be transferred.
3. Position transfer orders shall be deemed to match if they contain matching information to the extent laid down in subpara. 2.

§ 68

KDPW_CCP shall transfer positions and assets registered in the clearing account and the collateral account,

respectively, from which they are to be transferred provided that on the transfer day the number of positions of the same type and the amount of assets of the same type, credited to initial margins, specified in the orders to transfer them from such accounts, is equal to the number of positions of the same type and the amount of assets of the same type, credited to initial margins, registered in the clearing account and the collateral account, respectively, from which they are to be transferred.

§ 68a

Transfers of positions or assets securing such positions, deposited as or credited to the initial margin, shall be performed immediately on the day specified in matching transfer orders provided that the transfer orders are submitted no later than the opening of the netting session on the day of the transfer.

§ 69

1. KDPW_CCP shall notify the participants who submit the orders referred to in § 67 that:
1/ the order submitted by them does not match the order submitted by the non-clearing member or the clearing member to whose accounts they are to be transferred, respectively;
2/ positions and assets securing such positions recognised as initial margin have been transferred according to the orders submitted by them.
2. The notifications referred to in subpara. 1 shall be given:
1/ to a non-clearing member – by email over the Internet to the email address specified in the information card referred to in § 23 subpara. 1 point 5 of the Rules;
2/ to a clearing member – electronically in a message.
3. The notifications referred to in subpara. 1 shall be given by KDPW_CCP immediately on the performance of operations in the clearing system.

§ 69a

1. In order to cancel an order to transfer positions registered in the clearing system as a result of an OTC transaction, a participant shall submit to KDPW_CCP a cancellation instruction, which should clearly identify the document to be cancelled.
2. A cancellation instruction referred to in subpara. 1 may be submitted until the time that the transfer procedure begins.
3. A position transfer shall be cancelled unilaterally by the participant which submitted the transfer order, which need not be matched with an order submitted by another participant, as a result of the execution of an order referred to in subpara. 1 submitted by such participant.
4. After transfer orders are matched, the transfer shall be cancelled provided that both participants submit matching transfer cancellation instructions to KDPW_CCP.
4. Transfer cancellation instructions shall be deemed to match if documents to be cancelled indicated in these instructions are the basis of the same operation in the clearing system.
5. Transfer cancellation instructions shall not be executed after the position transfer covered by the instructions is registered in the system.

§ 69b

1. Subject to subpara. 2-3, the provisions of § 67 - § 69a shall apply accordingly to on-demand transfers of positions.

2. An order to transfer positions shall specify:
1/ the number and the value of transferred positions arising from a given type of transactions,
2/ the identifiers of the clearing accounts between which the transfer is to be executed,
3/ the date of the transfer, which is a day R falling no earlier than the date of submission of the order.
3. Transfer orders shall be deemed to match if they contain matching information to the extent laid down in subpara. 2.

§ 69c

1. In the event of transfers in a participant's accounts including:
1/ a transfer of positions and assets securing such positions, the provisions of § 67 - §69a shall apply accordingly;
2/ a transfer of positions, the provisions of §69b shall apply accordingly.

CHAPTER 15B
PROCESSING TRANSFERS OF POSITIONS OF A NON-CLEARING MEMBER AND ASSETS SECURING SUCH POSITIONS IN THE EVENT OF CLEARING MEMBER DEFAULT

§ 69d

Subject to § 69e, the provisions of § 67 - § 69a shall apply accordingly to transfers of positions arising from transactions concluded by a non-clearing member and assets securing such positions in the event of clearing member default.

§ 69e

In the event referred to in § 110c of the Clearing Rules, KDPW_CCP shall transfer positions and assets registered in the clearing account and the collateral account, respectively, from which they are to be transferred provided that on the transfer day the sum of all positions of the same type and the sum of all assets of the same type, credited to initial margins, specified in all orders to transfer them from such accounts, is at least equal to the number of positions of the same type and the amount of assets of the same type, credited to initial margins, registered in the clearing account and the collateral account, respectively, from which they are to be transferred.

CHAPTER 16
COMPLAINTS

§ 70

1. Complaints filed by participants in writing on matters referred to in § 128 of the Clearing Rules shall have the heading "Complaint" and include the following information:
1/ date of the complaint;
2/ details of the participant filing the complaint: company name and registered address of the participant;
3/ details of the contact person authorised by the participant to handle the complaint including their position, telephone and fax number, email address, and authorisation to provide additional clarifications for the participant;

4/ description of the incident:
a) date and course of the incident;
b) if the incident affects a specific transaction – transaction identifier, amount and type;
c) if the incident affects a specific instruction – identifier of the instruction in the clearing system;
5/ claims of the participant;
6/ justification for the claims of the participant.
2. Complaints shall be signed by authorised representatives of clearing members filing the complaints.
3. Where a member files a complaint requesting re-examination of the matter or an appeal, the provisions of subpara. 1 and 2 shall apply accordingly. The member shall specify the reference number of the letter which has been answered or the reference number of the resolution of the Management Board concerning the complaint.

§ 71

While reviewing a complaint, KDPW_CCP may request the person specified in the complaint according to § 70 subpara. 1 point 3 to provide additional clarifications.

CHAPTER 17
PROVISION OF INVOICE ANALYSIS

§ 72

By written request of a participant, KDPW_CCP shall provide the participant for a fee with an analysis of an invoice issued to the participant.

Appendix 1 to the Detailed Rules of the OTC Clearing System

This Appendix sets out the characteristics of derivatives accepted for clearing by KDPW_CCP. The payment dates, the reference rate arrangements, the start and end dates of interest periods are defined according to the convention set in the terms of the transaction. Furthermore, the terms of the transaction may specify the amount of additional cash payments at specific dates.

The other terms of the transaction, including the terms of valuation, are set according to the Rules of transaction clearing and the Detailed Rules of the OTC Clearing System.

I. Forward Rate Agreement (FRA)

Currency	**PLN**	**EUR**
Nominal value	Fixed	
Trade date	Any business day	
Start date/Settlement date	Any day	
End date	No later than novation date + spot + 24M	No later than novation date + spot + 36M
Reference rate	WIBOR: 1M, 3M, or 6M	EURIBOR: 1M, 3M, or 6M

II. Interest Rate Swap (IRS)

Currency	**PLN**	**EUR**
Nominal value	Fixed or floating	
Trade date	Any business day	
Start date	Any day	
Maturity	No later than novation date +spot+ 20Y	No later than novation date + spot + 50Y
Floating rate margin	Fixed or floating	
Reference rate	WIBOR: 1M, 3M, or 6M	EURIBOR: 1M, 3M, or 6M

III. Overnight Index Swap (OIS)

Currency	**PLN**	**EUR**
OIS rate	Fixed	
Nominal value	Fixed	
Trade date	Any business day	
Start date	Any day	
Maturity	No later than novation date + spot + 1Y (POLONIA) novation date + spot + 20Y (POLSTR)	No later than novation date + spot + 30Y
Reference rate	POLONIA, POLSTR	ESTR

IV. Basis Swap

Currency	**PLN**	**EUR**
Nominal value	Fixed or floating	
Trade date	Any business day	
Start date	Any day	
Maturity/End date	No later than: novation date +spot +20Y	No later than: novation date +spot +50Y
Reference rate	WIBOR: 1M, 3M, or 6M	EURIBOR: 1M, 3M, or 6M
Floating rate margin	Fixed or floating	

Appendix 1a to the Detailed Rules of the OTC Clearing System

[revoked]

Appendix 2 to the Detailed Rules of the OTC Clearing System

[revoked]

Appendix 3 to the Detailed Rules of the OTC Clearing System

ELECTRONIC PLATFORMS APPROVED BY KDPW_CCP

Types of trade concluded or confirmed on the electronic platform	**Name of the electronic platform**
Derivative trade in derivative instruments	1/ MarkitWire platform operated by MarkitSERV (direct connection with KDPW_CCP) or 2/ platform operating via MarkitWire (platform identified by an identifier held by the platform and supported by MarkitWire; indirect connection with KDPW_CCP exclusively via MarkitWire)

Appendix 4 to the Detailed Rules of the OTC Clearing System

Appendix describes:
1. attributes of clearing accounts,
2. attributes of client classification numbers (NKK)
3. Identifiers used on OTC confirmation platforms.

1. Attributes of clearing accounts

- ownership type (1 A)
- participation type (2 A)
- representation agreement identifier (2 A)
- account type (2 A)
- client classification number (NKK) (8 A)
- portfolio number (2 A)

Every account described by the presented set of attributes is identified as:

- institution code (4 A)
- clearing account identifier (16 A)

A securities settlement account maintained by KDPW may be assigned to every clearing account. The relevant settlement account is designated by the Clearing Member in the KDPW_CCP clearing account opening instruction. The assignment of a settlement account to a clearing account may be modified by means of an instruction sent to KDPW_CCP.
After the relation between a clearing account and a securities settlement account is cancelled, default securities settlement accounts in KDPW are used for settlement.

2. Attributes of client classification numbers (NKK)

Every NKK has attributes assigned to it according to the required classification of clients or groups of clients. The following types of NKK apply:

- RESI resident,
- NRES non-resident,
- OMNI omnibus account holder,
- NOAP (not applicable).

Depending on the type of client, the following types of NKK apply:

- Individual (INDI) for individual clients
- Collective (COLL) for groups of clients

Appendix 5 to the Detailed Rules of the OTC Clearing System

1. Framework timetable of accepting trade for clearing

Session no.	**Hours of accepting trade to the OTC clearing system**	**Type of trade covered by the session**
Session No. 1	9.00 -17.30	Derivatives trade.

2. Framework timetable of a clearing day

Netting session no.	**Session opening time**	**Type of transactions covered by the session**
No. 1	17.30	Derivatives transactions.

Appendix 6 to the Detailed Rules of the OTC Clearing System

MARGIN CALCULATION METHODOLOGY AND DERIVATIVES TRANSACTIONS VALUATION METHODOLOGY

1. Overview

This Appendix presents the valuation formulas for interest rate derivatives implemented in the system, as well as the calculation algorithms used to determine the yield curve and to calculate the margin requirement.

2. Valuation formulas for different types of financial instruments

2.1 Definitions

The valuation of a transaction is performed in the currency of the contract. The definitions of symbols used in the valuation formulas are presented below.

$r_{t,Z}$	-	is the rate for curve Z at date t
df_t	-	is the discount factor for a discount curve at date t
$df_{Z,t}$	-	is the discount factor at date t for curve Z consistent with the instrument tenor
$znak$	-	is the counterparty sign, possible values: 1 or -1
N	-	is the contract nominal amount
r_{FRA}	-	is the FRA rate
$t(d_1, d_2)$	-	is the year fraction between date d_1 and d_2, calculated according to the relevant convention
eff	-	is the instrument effective date or coupon start date
mat	-	is the instrument maturity date or coupon end date

2.2 FRA valuation

FRAs are agreements where the counterparties determine the interest rate to be used at a future date for a specific amount in the transaction currency for a determined period. The FRA value is determined differently before and after the reference rate is set.

The value is determined as follows:

- before the reference rate is set:

$$PV_{FRA} = znak\ N \left[df_{eff} - \left(1 + r_{FRA}\, t(eff, mat)\right) df_{eff}\ \frac{df_{Z,mat}}{df_{Z,eff}} \right]$$

- after the reference rate is set:

$$PV_{FRA} = znak \frac{\left(r_{fixing} - r_{FRA}\right) N\ t\ (eff, mat)}{1 + r_{fixing}\ t(eff, mat)}\ df_{eff}$$

2.3 IRS valuation

Interest Rate Swap is an agreement to exchange interest rate periodic and are made up of two interest cash flows. One counterparty pays interest calculated at a fixed interest rate (fixed leg) and

receives interest calculated at a floating rate (floating leg); the other counterparty does the opposite. The contract value is the difference between the valuation of the received leg and the valuation of the paid leg. The valuation of each IRS leg is presented below.

- Fixed leg valuation:

$$PV_{fixed}(t) = \sum_{j:pmt(j)>t}^{M_{fixed}} r_{IRS,j} N_j \, t(eff(j), mat(j)) \, df_{pmt(j)}$$

where:

M_{fixed} - is the number of interest periods of the fixed leg
N_j - is the nominal amount of the contract in interest period j
$r_{IRS,j}$ - is the contractual IRS rate in interest period j
$pmt(j)$ - is the coupon payment date j

- Floating leg valuation:

$$PV_{float}(t) = \sum_{j:pmt(j)>t}^{M_{float}} N_j (r_j + m_j) \, t(eff(j), mat(j)) \, df_{pmt(j)}$$

$$j = \begin{cases} r_{t_{refix_j}, index} & t_{refix_j} \leq t \\ r_{j,\alpha} & t_{refix_j} > t \end{cases}$$

where:

$r_{j,\alpha}$ - is the rate at date j for curve α, where j = 0 (first coupon cash flow) the rate may be set explicitly without an input rate
$r_{t_{refix_j}, index}$ - is the observed index rate on day t_{refix_j}
M_{float} - is the number of interest periods of the floating leg
m_j - is the additive margin (spread) in interest period j

2.4 Basis Swap valuation

Basis Swaps are a type of interest rate swaps for which both parties pay interest at a different floating rate. The contract value is the difference between the valuation of the received leg and the valuation of the paid leg. The valuation of each leg is presented below.

$$PV_A(t) = \sum_{j:pmt(j)>t}^{T} N_j (r_{j,A} + m_{A,j}) \, t(eff(j), mat(j)) \, df_{pmt(j)}$$

$$PV_B(t) = \sum_{j:pmt(j)>t}^{T} N_j (r_{j,B} + m_{B,j}) \, t(eff(j), mat(j)) \, df_{pmt(j)}$$

where:

$$j = \begin{cases} r_{t_{refix_j}, index} & t_{refix_j} \leq t \\ r_{j,\propto} & t_{refix_j} > t \end{cases}$$

$r_{t_{refix_j}, index}$ - is the index rate observed on day t_{refix_j}

$index$ - is the rate index for a given floating leg

$r_{j,\propto}$ - is the rate at date j for curve $\propto$, where j = 0 it is the rate which may be determined for the first cash flow

T - is the number of interest periods

$m_{A,j}, m_{B,i}$ - is the additive margin (spread) in the interest period

2.5 OIS valuation

OIS are fixed to floating interest rate swaps where the floating leg is indexed to the overnight rate (POLONIA or POLSTR for PLN, ESTR for EUR). OIS swap two cash flows: a fixed leg which is a one-off cash flow of interest set at a fixed rate determined in the contract for a specific nominal amount, and a floating leg which is a one-off cash flow of interest compounded over every day set at an overnight rate for a specific nominal amount. The settlement amount is the absolute value of the difference between the two legs. The valuation of each leg is presented below:

$$PV_{fixed} = \sum_{j:pmt(j)>t}^{T_{fixed}} N_j \; r_{OIS} \, t(eff(j), mat(j)) \; df_{OIS,pmt(j)}$$

where:

r_{OIS} - set fixed rate of the contract

$$PV_{float} = \sum_{j:pmt(j)>t}^{T_{float}} N_j \; \left(R'_j + s_j\right) t(eff(j), mat(j)) \; df_{OIS,pmt(j)}$$

$$R'_j = int(R_j * 10^n + 0{,}5)/10^n$$

$$R_j = \frac{\left(\prod_{i=1}^{T_j}\left(1+r_i \, t(eff(i), mat(i))\right)-1\right)}{t(eff(j), mat(j))}$$

where:

N_j - is the nominal amount of the contract in interest period *j*

T_j - is the number of interest periods in coupon period *j* for the floating leg,

T_{float} - is the number of coupons for the floating leg,

T_{fixed} - is the number of coupons for the fixed leg,

$$r_i = \begin{cases} r_{i,index} & i \leq t \\ r_{i,OIS} & i > t \end{cases}$$

$r_{i,index}$ - is the observed index rate at day *i*

$r_{i,OIS}$ - is the OIS curve rate at the start date of interest period *i*

s_j - is the additive margin (spread) for coupon *j*

R_j - is the effective interest rate for coupon *j*

R'_j - the effective interest rate for coupon *j* rounded off to n decimal places

n - is the number of decimal places to which the rate for the currency is rounded off.

2.6 Valuation of additional cash flows

If there are additional cash flows under the terms of the transaction, their valuation is determined as follows:

$$NPV_{fee} = \sum_{i=1}^{k} znak\ F_i df_i$$

where:

k - number of additional cash flows

Fi - amount of *i*-th cash flow

$znak$ - 1 if the additional cash flow is to be received or -1 if the additional cash flow is to be paid

3. Calculating the total margin requirement

The total required margin IMR for a portfolio of OTC transactions is determined by KDPW_CCP according to the following formula:

- intra-day

$$IMR = \max(IM + OutMtM + SAdj + LCRM; 0)$$

- end-of-day

$$IMR = IM + LCRM$$

where:

IM - margin against the market price risk over the set time horizon,

$OutMtM$ - value of transactions accepted for clearing during the day and value of transactions concluded in the closing of positions on demand or automatic closing of positions,

$SAdj$ - portfolio adjustment resulting from accepted offers of a member participating in the automatic closing of positions or closing of positions on demand,

$LCRM$ - liquidity and concentration risk margin.

The initial margin (*IM*) is determined for a portfolio of transactions recorded in the same account according to the following rules:

- no margin reduction across netting groups is allowed, i.e. the margin for an account is the sum of the margins determined for each netting group separately,

- for a netting group, the margin is determined on a portfolio basis, where a margin reduction of 100% is allowed.

The initial margin (IM) for a netting group is determined on the basis of two components: Expected Shortfall for historical scenarios generated using the filtered historical simulation method $ES(FHS)$ and Expected Shortfall determined for a set of stress test scenarios $ES(ST)$ according to the following formula:

$$IM = \max\left(ES(FHS); \alpha\ ES(ST) + (1 - \alpha\ )\ ES(FHS)\right)$$

where:

α – configurable parameter in the range [0; 100%],

$ES(FHS)$ – value of margin *ES* determined in accordance with the applicable parameterisation on the basis of scenarios generated using a filtered historical simulation,

$ES(ST)$ – value of margin *ES* determined in accordance with the applicable parameterisation on the basis of a set of dedicated stress scenarios.

The value of $OutMtM$ is equal to the sum of the amounts of all transactions in the portfolio accepted for clearing during the day or concluded during the day in the closing of positions on demand or automatic closing of positions, determined according to the algorithms presented in section 2.

The adjustment ($SAdj$) is equal to the sum of amounts of accepted offers of members participating in the automatic closing of positions or closing of positions on demand.

The liquidity and concentration risk margin ($LCRM$) covers the risk of loss resulting from the closing of a defaulting member's position in connection with the size of the liquidated position and a bid-ask price spread. It is determined based on the PV01 portfolio value in a given maturity range and the spreads for the relevant hedging transactions. Spreads for the relevant nominal amounts and maturities are determined on the basis of surveys of clearing members.
The margin requirement is determined using the relevant parameters:

- holding period
- confidence level
- scaling of observations
- number of historical observations (time horizon)
- method for setting rates for historical scenarios
- FHS parameters (when using the FHS method)
- netting groups
- ST weight

4. Definition of projection curves and discount curves

4.1 Projection curves

4.1.1 1M curve

	PLN	EUR
1M	WIBOR	EURIBOR
2M	FRA 1x2	IRS 2m1s
3M	FRA 2x3	IRS 3m1s
4M		IRS 4m1s
5M		IRS 5m1s
6M	IRS 6m1s	IRS 6m1s
7M		IRS 7m1s
8M		IRS 8m1s
9M		IRS 9m1s
10M		IRS 10m1s
11M		IRS 11m1s
1Y	IRS 1y1s	IRS 1y1s
2Y	IRS 2y1s	IRS 2y1s
3Y	IRS 3y1s	IRS 3y1s
4Y	IRS 4y1s	IRS 4y1s
5Y	IRS 5y1s	IRS 5y1s
6Y	IRS 6y1s	IRS 6y1s
7Y	IRS 7y1s	IRS 7y1s
8Y	IRS 8y1s	IRS 8y1s
9Y	IRS 9y1s	IRS 9y1s
10Y	IRS 10y1s	IRS 10y1s
12Y	IRS 12y1s	IRS 12y1s
15Y	IRS 15y1s	IRS 15y1s
20Y	IRS 20y1s	IRS 20y1s
25Y		IRS 25y1s

30Y		IRS 30y1s
40Y		IRS 40y1s
50Y		IRS 50y1s

4.1.2 3M curve

	PLN	**EUR**
3M	WIBOR	EURIBOR
4M	FRA 1x4	FRA 1x4
5M	FRA 2x5	FRA 2x5
6M	FRA 3x6	FRA 3x6
7M	FRA 4x7	FRA 4x7
8M	FRA 5x8	FRA 5x8
9M	FRA 6x9	FRA 6x9
10M	FRA 7x10	FRA 7x10
11M	FRA 8x11	FRA 8x11
1Y	FRA 9x12	IRS 1y3s
15M	FRA 12x15	
18M	FRA 15x18	
21M	FRA 18x21	
2Y	FRA 21x24, IRS 2y3s	IRS 2y3s
3Y	IRS 3y3s	IRS 3y3s
4Y	IRS 4y3s	IRS 4y3s
5Y	IRS 5y3s	IRS 5y3s
6Y	IRS 6y3s	IRS 6y3s
7Y	IRS 7y3s	IRS 7y3s
8Y	IRS 8y3s	IRS 8y3s
9Y	IRS 9y3s	IRS 9y3s
10Y	IRS 10y3s	IRS 10y3s
12Y	IRS 12y3s	IRS 12y3s

15Y	IRS 15y3s	IRS 15y3s
20Y	IRS 20y3s	IRS 20y3s
25Y		IRS 25y3s
30Y		IRS 30y3s
40Y		IRS 40y3s
50Y		IRS 50y3s

4.1.3 6M curve

	PLN	**EUR**
6M	WIBOR	EURIBOR
7M		FRA 1x7
8M		FRA 2x8
9M		FRA 3x9
10M		FRA 4x10
11M		FRA 5x11
1Y	FRA 6x12	FRA 6x12
15M		FRA 9x15
18M	FRA 12x18	FRA 12x18
2Y	FRA 18x24, IRS 2y6s	IRS 2y6s
3Y	IRS 3y6s	IRS 3y6s
4Y	IRS 4y6s	IRS 4y6s
5Y	IRS 5y6s	IRS 5y6s
6Y	IRS 6y6s	IRS 6y6s
7Y	IRS 7y6s	IRS 7y6s
8Y	IRS 8y6s	IRS 8y6s
9Y	IRS 9y6s	IRS 9y6s
10Y	IRS 10y6s	IRS 10y6s
12Y	IRS 12y6s	IRS 12y6s
15Y	IRS 15y6s	IRS 15y6s
20Y	IRS 20y6s	IRS 20y6s
25Y		IRS 25y6s
30Y		IRS 30y6s

	PLN	EUR
40Y		IRS 40y6s
50Y		IRS 50y6s

4.1.4 OIS curve

	PLN POLONIA	PLN POLSTR	EUR ESTR
O/N	POLONIA (index)	POLSTR (index)	ESTR (index)
1W	OIS 1W		ESTR 1W
2W	OIS 2W		ESTR 2W
3W	OIS 3W		ESTR 3W
1M	OIS 1M		ESTR 1M
2M			ESTR 2M
3M	OIS 3M		ESTR 3M
4M			ESTR 4M
5M			ESTR 5M
6M	OIS 6M	OIS POLSTR 6M	ESTR 6M
7M			ESTR 7M
8M			ESTR 8M
9M	OIS 9M		ESTR 9M
10M			ESTR 10M
11M			ESTR 11M
1Y	OIS 1Y	OIS POLSTR 1Y	ESTR 1Y
15M			ESTR 15M
18M			ESTR 18M
21M			ESTR 21M
2Y		OIS POLSTR 2Y	ESTR 2Y
3Y		OIS POLSTR 3Y	ESTR 3Y
4Y		OIS POLSTR 4Y	ESTR 4Y
5Y		OIS POLSTR 5Y	ESTR 5Y

	PLN POLONIA	PLN POLSTR	EUR ESTR
6Y		OIS POLSTR 6Y	ESTR 6Y
7Y		OIS POLSTR 7Y	ESTR 7Y
8Y		OIS POLSTR 8Y	ESTR 8Y
9Y		OIS POLSTR 9Y	ESTR 9Y
10Y		OIS POLSTR 10Y	ESTR 10Y
11Y			ESTR 11Y
12Y		OIS POLSTR 12Y	ESTR 12Y
15Y		OIS POLSTR 15Y	ESTR 15Y
17Y			ESTR 17Y
20Y		OIS POLSTR 20Y	ESTR 20Y
25Y			ESTR 25Y
30Y			ESTR 30Y
40Y			ESTR 40Y
50Y			ESTR 50Y

4.1.5 Discount rate curves

4.1.6 PLN curve

O/N	POLONIA (index)
1W	OIS 1W
2W	OIS 2W
3W	OIS 3W
1M	OIS 1M
3M	OIS 3M
6M	OIS 6M
9M	OIS 9M
1Y	OIS 1Y
2Y	IRS 2y1s
3Y	IRS 3y1s

4Y	IRS 4y3s
5Y	IRS 5y3s
6Y	IRS 6y3s
7Y	IRS 7y3s
8Y	IRS 8y3s
9Y	IRS 9y3s
10Y	IRS 10y3s
12Y	IRS 12y3s
15Y	IRS 15y3s
20Y	IRS 20y3s

4.1.7 EUR curve

The EUR discount curve is the OIS EUR ESTR curve described in 4.1.4.

5. Sources of market data

Sources of market data for respective types of financial instruments and data include:

1. For instruments cleared in PLN:
   1) WIBOR (index) – fixing organised by GPW Benchmark S.A.,
   2) POLONIA (index) – fixing organised by the National Bank of Poland,
   3) POLSTR – index determined by GPW Benchmark S.A.,
   4) FRA, IRS, OIS (PLN) – market data from available news services and data from transactions sent for clearing to KDPW_CCP,

2. For instruments cleared in EUR:
   1) EURIBOR (index) – fixing organised by the European Money Market Institute,[2]
   2) ESTR (index) – fixing published by the European Central Bank,
   3) FRA, IRS, OIS (EUR) – market data from available news services and data from transactions sent for clearing to KDPW_CCP.

[2] According to the agreement between KDPW_CCP S.A. and the European Money Market Institute (EMMI), please note that the transaction clearing service is not in any way sponsored, endorsed, sold, or promoted by EMMI, and EMMI has no obligations or liability in connection with the use of any such service. EURIBOR is compiled and calculated on behalf of EMMI. However, EMMI shall not be liable (whether in negligence or otherwise) to any person for any error in EURIBOR or use of the same, whether or not arising from the negligence of EMMI, and EMMI shall not be under any obligation to advise any person of any error therein.
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Market data are sourced via the news service ICE Data Derivatives (main news service), Bloomberg or LSEG on the terms defined below.

In determining reference rates for interest rate derivatives referred to in point 1 (3) and point 2 (4), KDPW_CCP uses in the first place data available from the main news service.

If data from the main news service are incomplete on any clearing day, their availability is limited or the adequacy of the data raises reasonable doubt in the opinion of KDPW_CCP (which impairs the quality of the data), then in order to ensure the safety of transaction clearing KDPW_CCP may determine reference rates based on data sourced from other available new services referred to above, in whole or in part. The principle defined in the preceding sentence shall apply accordingly to data available from the next selected news service.

Appendix 7 to the Detailed Rules of the OTC Clearing System

DETAILED RULES OF CALCULATING COLLATERAL 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 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} - total margin requirement for account PB according to section 3 of Appendix 6,
$Coll_{PB}$ - recognised value of collateral in account PB,
$Coll_{House}$ - recognised value of collateral in participant's own account PB.

2. 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 the message otcm.val.rep.01 (valuationReport).

3. Individual limit for a clearing account and a collateral account

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.

If a limit for information only is exceeded, the transaction is accepted and the limit overrun is reported to the participant in the message otcm.val.rep.01 (valuationReport).
If a binding limit for the account is exceeded, the transaction is not accepted for clearing. The limit overrun and the suspension of the acceptance of the transaction is reported to the participant in the message otcm.val.rep.01 (valuationReport).”.

Appendix 8 to the Detailed Rules of the OTC Clearing System

AUTOMATIC CLOSING OF POSITIONS

Automatic closing of positions applies in case of clearing member default.

1. Preparing the auction

In case of default, KDPW_CCP sends the message auct.ntf.001.01 (value AuctionNotice in field AuctnStag) to clearing members. The message notifies the clearing members of the planned automatic closing of positions of a clearing member including the planned timing, the type and the tenor of instruments.

Next, clearing members are notified of auction details in the message auct.ntf.001.01 (value NewAuction in field AuctnStag) which includes:

1) start and end time and results of the auction;
2) auction style (Vickrey, standard);
3) segments (portfolios) including:
   a) number of units in the portfolio;
   b) minimum number of units to be quoted by the clearing member;
   c) unit description (details of trades in each unit except the terms of setting the variation margin or the settlement amount).

KDPW_CCP sets the minimum number of units to be quoted by the clearing member on the basis of KDPW_CCP exposure generated by the clearing member.

The minimum number of units is the total number of units in the segment times an augmenting parameter set by KDPW_CCP times the contribution of the clearing member to the Guarantee Fund to the sum of contributions to the Guarantee Fund. The augmenting parameter is set by KDPW_CCP in a Management Board Resolution.

In addition, FpML otcm.clr.sts.01 (clearingStatus) messages are sent, containing details of the transactions offered in the auction for each segment (a separate message is sent for each transaction).

2. Giving quotes

In a process triggered by clearing member default, it is mandatory to send a quote separately for each segment within the auction. Otherwise, quotes are optional. Quotes are sent in the message auct.qtn.001.01.

The clearing member's auct.qtn.001.01 message specifies:

1) clearing account in which transactions are to be registered;
2) auction number;
3) segment number;
4) number of quoted units and quoted prices.

If the clearing member specifies a clearing account where a transaction of a given type is to be registered, this means that the member submits an offer to conclude a transaction with settlement (TZR) or transaction with margin (TZD), respectively.

The clearing member may send multiple price quotes in the message auct.qtn.001.01 together with a number of units specified individually for each quote.

The total number of units in a portfolio to be closed quoted by the clearing member cannot be greater than the maximum or lower than the minimum number of units set by KDPW_CCP in the message auct.ntf.001.01.

The quote sent by the clearing member in the message auct.qtn.001.01 is subject to a content check. In response, the clearing member receives the message auct.stq.001.

If the clearing member receives the message auct.stq.001.01 which specifies errors, the clearing member must resend the message auct.qtn.001.01 with a correct quote.

If the clearing member quotes an insufficient number of units in the portfolio, KDPW_CCP reserves the right to use the quote.

The clearing member may resend a quote until the auction timeout. A resent quote replaces a preceding quote.

3. Setting the price and selecting participants to take over positions

Where the clearing member submits multiple price quotes for units to be taken over, KDPW_CCP first uses the best quote. KDPW_CCP may use a quote in part.

Trades on auction are taken over by the clearing member at a rate notified by KDPW_CCP in an message auct.ntf.001.01. The next KDPW_CCP netting session performs marking to market including the current market rates (under general rules) and settlement of the amount based on quotes accepted by KDPW_CCP.

The price at which units are taken over depends on auction style. For a standard auction, the price at which units are taken over is equal to the price quoted by the clearing member. For a Vickrey auction, the price of all units is set at the price of the least favourable unit accepted by KDPW_CCP from all clearing members.

KDPW_CCP informs the participants that the auction is closed in the message *auct.ntf.001.01* (value AuctionClosed in field AuctnStag), and then sends the auction results in the message *auct.ntf.001.01* (value AuctionResult in field AuctnStag).

Transactions accepted in the auction are settled and the participant is informed thereof in the FpML messages: otcm.clr.cnf.01 (*clearingConfirmed)* – transaction accepted for clearing, and otcm.val.rep.01 (*valuationReport)* – collateral and limit report.

After quotes are accepted, trades resulting from quoted units of the portfolio are registered in the accounts of the relevant clearing member.

Appendix 9 to the Detailed Rules of the OTC Clearing System

PROCESSING THE CLOSING OF POSITIONS ON DEMAND

1. Processing the closing of positions on demand

Processing the closing of positions on demand of a clearing member, referred to in § 90 - § 95 of the Rules of Transaction Clearing (Non-organised Trading), requires the clearing member to send the message otcc.trm.001.01 to the KDPW_CCP clearing system and KDPW_CCP to match parties to trade for the opposite position in the automatic closing of positions process.

The message otcc.trm.001.01 requires the specification of key parameters necessary to identify the positions to be closed and to determine the opposite positions. The parameters are included in the otcc.trm.001.01 message structure described in the document Message Structure published on the KDPW_CCP website.

On receipt of the message, KDPW_CCP checks the formal conditions necessary to start the processing of closing of positions on demand, in particular, it checks whether the specified positions are registered in the designated clearing account.

KDPW_CCP confirms either acceptance or rejection of the request to close positions by sending the message otcc.str.001.01 to the clearing member who initiated the process. The clearing member may send the message otcc.trm.001.01 to the system by 16:00h on any business day on which a clearing session is held.

Closing on demand cannot be executed where:

1) the request is received too late to be finalised by the end of day;
2) automatic closing of positions due to default of another clearing member or request of another clearing member is being executed at the same time;
3) there is a high probability of default of another clearing member.

1.1. Starting the process of automatic closing of positions

Initiation of a process of automatic closing of positions is notified in the message auct.ntf.001.01 sent by KDPW_CCP to the clearing members. The message contains basic information about the position portfolios including:

1) specification of positions being closed, except the terms of setting the variation margin or the settlement amount;
2) auction timeout;
3) auction style (Vickrey, standard).

A detailed description of this stage of the process is presented in Appendix 8 to the Detailed Rules of the OTC Clearing System “Automatic closing of positions”.

1.2. Sending individual trade prices for opposite positions by clearing members to KDPW_CCP

In response to the message auct.ntf.001.01, clearing members send to KDPW_CCP the message auct.qtn.001.01 which includes the necessary details of the clearing account in which transactions are to be registered for the opposite position, as well as the prices of the offer to conclude transactions for the opposite position.

If the clearing member specifies a clearing account where a transaction of a given type is to be registered, this means that the member submits an offer to conclude a transaction with settlement (TZR) or transaction with margin (TZD), respectively.

In the next step, KDPW_CCP selects the best offer.

In the processing of closing of positions on demand, KDPW_CCP does not require the clearing members to present quotes for a specific minimum number of units.

1.2.1 Setting the price of quoted trades

The rules of setting prices for trades quoted by the clearing members participating in the process of automatic closing of positions are set out in Appendix 8 to the Detailed Rules of the OTC Clearing System "Automatic closing of positions".

1.3 Ending the process of closing positions on demand

On receipt of quotations from other clearing members, KDPW_CCP immediately presents a price quote of closing the position in the message auct.odr.001.01. On receipt of the message, the requesting clearing member may close the position. The clearing member requesting the closing of positions should accept the terms of the quoted closing trade within a specific time limit after receipt of quoted prices by sending the message auct.oda.001.01. If no confirmation is received within the time limit, KDPW_CCP considers the quote to be rejected by the clearing member. The quoted trade price presented to the clearing member requesting the closing of positions is the best quote received by KDPW_CCP from the clearing members responding to the position closing request. KDPW_CCP notifies all clearing members participating in the auction of the result of the auction (acceptance or rejection of their quotes). If a quote is accepted by the clearing member, a position opposite to the position being closed is registered in the member's account to be netted during the netting session and to be cancelled together with the opposite position. Positions are cancelled on FIFO basis, whereby trades in the portfolio which meet the netting requirements are cancelled in the same order that they were registered in the member's account.

The position being closed is registered in the account of the clearing member whose quote has been accepted. The accepted quoted price is considered as an adjustment amount in the calculation of credits and debits in the evening clearing session.