

Comments on Methodology

In January 2006, minor changes relating to the structure and scope of the statistical data presented were introduced. The changes were the result of new rules governing trading in financial instruments coming into force, as well as a reflection of the increasingly broad range of instruments and types of transactions available in the Polish market. Structural changes were also introduced in order to improve the transparency and completeness of data, in addition to the accuracy of their description.

The most important changes include:

Unification of the scope of information presented in both general and detailed data. The detailed data is in principle an extension of the general data.

Presentation of capitalisation data for securities in a given market has been discontinued. The abolition of the concept of primacy of the regulated market for securities trading has meant that the same financial instruments may now be traded in many different markets simultaneously, as well as be traded directly. As a result of these changes, it has been decided to adopt the principle that for data relating to the KDPW system, the information on capitalisation will be presented according to securities type, rather than according to market.

Changes to the calculation of capitalisation for debt instruments. KDPW has until now presented their theoretical market value, i.e. the nominal value increased by the theoretical value of the outstanding interest. With the increase in the number of debt instruments available in the market and the ever more complex algorithms used to calculate interest, it becomes increasingly more difficult to calculate their market value; moreover, this methodology does not conform to international standards for publishing statistical data for debt securities. From January 2006, KDPW will only present the nominal value of debt securities. For debt securities listed in the regulated market, the price of the security obtained for that market will also be presented, as will be the case for all remaining types of financial instruments.

Extending the scope of derivatives market data to include the number of open positions at the end of the reporting period.

The primary sources of the information contained in this report are the archives of the National Depository for Securities. Additional and supplementary information has been provided by the Warsaw Stock Exchange (WSE), the MTS-CeTO, the Polish Ministry of Finance and the National Bank of Poland.

I. Tables: Collected information on KDPW activities.

The information has been compiled according to methodology adopted for detailed statistical data.

In the section "Financial instrument issues registered in KDPW":

Polish shares are shares issued by Polish issuers (i.e. entities incorporated within the territory of Poland), *foreign shares* are shares issued by foreign issuers (i.e. entities incorporated outside the territory of Poland).

The *Number* corresponds to the number of financial instruments issues of a given type, assigned with a separate ISIN code, for which the number of financial instruments registered is greater than zero.

Volume / Number of open positions:

- For securities - the volume is the sum total of the number of securities of a given type registered in KDPW.

- For other financial instruments - this is the sum total of open positions in financial instruments.

In the section: "Capitalisation":

The capitalisation amount presented is the total capitalisation of a securities issue of a given type, assigned with a separate ISIN code. Capitalisation for specific issues assigned with a separate ISIN code is calculated as follows:

- For shares, investment certificates, warrants, rights issues and subscription rights

capitalisation = number of issued securities x value;

- For bonds and mortgage bonds

capitalisation = number of issued securities x nominal value;

Value:

- For securities traded in the regulated market, this is the value calculated according to the principles defined in § 6, subpara. 1 of the KDPW Rules,

- For securities not traded in the regulated market, this is the value calculated according to the principles defined in § 6, subpara. 3 of the KDPW Rules,

The number of issued securities - the number of issued securities assigned with the same ISIN code, registered in KDPW at the end of a given period.

Capitalisation in EUR has been calculated according to the average National Bank of Poland exchange rate at the end of a given period.

In the section: "Operations registered in KDPW":

Each transaction is counted once, although it is simultaneously a purchase transaction for the purchaser and a sale transaction for the seller

Operations are presented according to the settlement date.

The value of operations registered in EUR has been calculated according to the average National Bank of Poland exchange rate in the month for which the data has been compiled.

In the table "KDPW participants":

The classification of participants according to Polish and foreign entities is determined according to where the participant is domiciled.

II. Tables: KDPW Participants

In the columns: *Extension of participation status date, Exclusion of participant status date, Introduction date, Date of entry in the participant register, Date of removal from the participant register* - this information has only been provided where these events took place in the given period.

In the table "Direct participants", in the column *Participation types*, the information refers to functions performed by the participant at the beginning of a given period or from the date of entry in the participant register (where this took place within the given period).

The numerical classification of participation types corresponds to the participation type codes defined in Appendix 2 to the Detailed Rules of Operation of the National Depository for Securities

III. Tables: Primary information on financial instruments registered in KDPW

Value - for securities traded in the regulated market, this value is calculated according to the principles defined in § 6, subpara. 1 of the KDPW Rules, while for securities not traded in the regulated market, this value is calculated according to the principles defined in § 6, subpara. 3 of the KDPW Rules.

Source of values - sources for securities values:

1. Warsaw Stock Exchange (MICXWAR code)
2. MTS-CeTO (MIC CETO code)
3. * - source calculated according to the principles defined in § 6, subpara. 1 of the KDPW Rules

MIC code - market code i.e. stock exchange or off-exchange market. This is a 4-letter code compliant with ISO 10383 standards.

The number of issued securities - corresponds to the number of issued securities assigned with the same ISIN, registered in KDPW at the end of a given period.

IV. Tables: Capitalisation of securities registered on KDPW participant accounts

Bank - own securities - capitalisation of securities on accounts managed by KDPW for banks, these being KDPW participants with the following participation types: custodian - own securities; custodian - own securities - non-residents; depositors; and depositors - Treasury securities - non-residents.

Bank - client securities - capitalisation of securities on accounts managed by KDPW for banks, these being KDPW participants with the following participation types: custodian - client securities; and custodian - client securities - non-residents.

Broker office - own securities - capitalisation of securities on accounts managed by KDPW for broker offices, these being KDPW participants with the following participation types: broker office - own securities; broker office - own securities - non-residents; OTC market maker; OTC market maker - non-residents; market maker; and market maker - non-residents.

Broker office - client securities - capitalisation of securities on accounts managed by KDPW for broker offices, these being KDPW participants with the following participation types: broker office - client securities; broker office - client securities - non-residents.

Lead manager - capitalisation of securities on accounts managed by KDPW for broker offices, these being KDPW participants with the following participation types: lead manager, lead manager - non-residents;

Representative and participant's representative - capitalisation of securities on accounts managed by KDPW for KDPW participants with the following participation types: representative, representative - non-residents, participant's representative and participant's representative - non-residents.

Others - capitalisation of securities on accounts managed by KDPW for financial institutions that are not banks, being KDPW participants with the following participation types: depositor; and depositor - Treasury securities - non-residents.

V. Tables: Value of transactions concluded by KDPW participants

The principle of classification of types of institutions is the same as the one used in the table "Capitalisation of securities registered on KDPW participant accounts".

VI. Tables: Transactions settled in KDPW

The number - the number of transactions executed in a given market and settled by KDPW in a given period (counted once).

The volume - the number of financial instruments that make up transactions executed in a given market and settled by KDPW in a given period (counted once).

The market value - the value of transactions executed in a given market and settled by KDPW in a given period (counted once).

The nominal value - the number of securities that make up the transaction (counted once) multiplied by the nominal value.

The average price - for transactions executed in the regulated market, this is calculated as the value of transactions settled in KDPW in a given period divided by the volume of those transactions; for Treasury bond transactions executed outside the regulated markets, this is the value of transactions whose cash side is settled by KDPW in a given period, divided by the volume of these transactions.

VII Tables: Transactions/post-transaction transfers not settled in time

The data presented corresponds to the number, volume and value of all transactions and post-transaction transfers suspended at the end of the settlement day in a given month, presented according to security type and market of origin:

- Warsaw Stock Exchange,
- MTS-CeTO regulated off-exchange market,
- MTS-Poland,
- remaining transactions from the cash market,
- post-transaction transfers.

Each transaction is counted once, irrespective of how many days the suspension lasts.

The report only includes those types of transactions/post-transaction transfers and securities that were the subject of untimely settlement in a given month.

Statistics published up until December 2005 contained aggregate figures for the number, volume and value of only those transactions responsible for suspension in the cash market, in relation to the number, volume and value of all transactions from the cash market. Transactions causing suspensions were counted once or multiple times depending on the number of days the suspension lasted.

VIII. Tables: Operations registered in KDPW

The information presented corresponds to transactions and other operations counted once, irrespective of the type of market^[1]. The information presented in the tables for non-anonymous transactions correspond to entries in the KDPW registration system, for anonymous transactions and operations correspond to half the entries in the KDPW registration system.

Operations are presented according to the settlement date.

Specific groups of operations have been assigned the following operation type codes (see Appendix 3 to the Detailed Rules of Operation of the National Depository for Securities).

TRANSACTIONS

1. Warsaw Stock Exchange transactions:
 - single quotation system: 005, 305, 403, 405
 - continuous quotation market: 003, 004, 201, 304
 - block transactions: 009
 - purchase of a large share block: 053
 - introductory sale: 050
 - Buy-in/Sell-out transactions: 099
2. MTS-CeTO regulated market transactions:
 - ordinary transactions: 002, 302, 402
 - block transactions: 019
 - transactions concluded before the date of commencement of trading: 018
 - purchase of a large share block: 055
 - introductory sale: 054
3. MTS Poland transactions
 - ordinary transactions: 117, 118, 119, 120
 - repo transactions: 521, 542

- sell/buy-back transactions: 525, 529, 545
- 4. Transactions outside the regulated market: 007, 017, 037, 077, 078, 617, 637
- 5. REPO transactions: 501, 502, 503, 504, 511, 512, 513, 514, 603, 613
- 6. Sell/Buy-back transactions: 505, 515, 605, 615
- 7. Transactions executed as part of the NBP's monetary policy: 044, 045, 046, 047

ALL OTHER OPERATIONS

- Settlement of Treasury bond auctions: 024, 034
- Settlement of all other primary market securities except Treasury bonds: 56, 57
- Redemption of retail-bonds: 096
- Exercise of a warrant: 306, 307
- Exercise of subscription warrants or operations exercising pre-emptive rights in bonds: 194
- Registration of a new securities issue following the exercise of pre-emptive rights for their acquisition: 195
- Withdrawal of a foreign securities: 394
- Registration of a foreign securities: 395
- Final settlement of derivatives: 207
- Position transfer: 211, 212, 213, 214, 216, 217, 221
- Exercise of index participation units or options: 222
- Post-transaction transfers: 006, 016, 026, 106, 107, 116, 126
- Public share subscription: 151
- All remaining operations involving the transfer of ownership: 008, 082, 083, 084, 085, 086, 089, 111, 180, 181, 208, 506, 516, 608, 678, 679
- Other operations: 001, 010, 011, 012, 013, 015, 020, 021, 027, 030, 035, 040, 051, 052, 070, 071, 080, 081, 088, 090, 091, 092, 093, 150, 209, 210, 219, 220, 316, 317, 401, 610, 630, 680, 681.

Accounts:

Depository account - registration device managed by KDPW separately for each KDPW participant, which provides details of participant code, participant type, the account type and the ISIN code. The number of depository accounts with non-zero balances at the end of a given period are listed.

[1] Up until February 2004, the information presented in the detailed tables related to the number, volume and value of KDPW registration operations, for both the spot market and derivatives market (futures contracts, index participation units and options), corresponded to entries in the KDPW registration system. In the table labelled "Total", information presented for the spot market corresponded to entries in the KDPW registration system but for derivatives, index participation units and options - the number, volume and value of transactions was presented, which corresponded to half the number, volume and value of operations registered in the Derivatives Clearing House in KDPW. From March 2004 (introduction of settlement anonymity) the information presented in the tables for non-anonymous transactions corresponds to entries in the KDPW registration system, for anonymous transactions executed on the WSE (spot and derivatives market) corresponds to half the entries in the KDPW registration system.