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Welcome to the Depository-Information Gathering Project. Before beginning, we suggest that you: print the entire document for review on paper; review the Glossary of Terms. Each will assist you with answering the questions. For help, contact: Robin D. Truesdale, Baker & McKenzie LLP (202) 835-1664; e-mail: Robin.Truesdale@bakermckenzie.com.

#### Note

\* When reviewing/updating your prior year's responses in the questionnaire, please ensure that the sub-questions are reviewed/updated as well.

\* Please deselect/uncheck any responses in the sub-questions where those responses are no longer applicable.

\* Please note: Any text in the "other" and/or "please explain/describe" questions should be deleted before deselecting the response. In this regard, note that deselecting a response with written text does not delete the information, it only hides the information from view.

\* Any responses that appear in open text boxes should be deleted if the information is no longer applicable.

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#### SCOPE, STRUCTURE, OWNERSHIP, CAPITAL, REGULATION AND AUDIT

*The purpose of this section is to understand the ownership structure and financial strength of your institution, as well as the level of regulatory and operational supervision to which it is subject.*

#### Response Necessary/Eligibility Question

1. Rule 17f-7, by reference to Rule 17f-4, requires that, for a depository to be eligible to hold securities of U.S. registered investment companies (such depositories hereinafter referred to as "Eligible Securities Depositories"), the depository must be a

“system for the central handling of securities where all securities of any particular class or series of any issuer deposited within the system are treated as fungible and may be transferred or pledged by bookkeeping entry without physical delivery of the securities.”

Are all securities of a particular class or series of any issuer that are deposited in your institution treated as fungible, and can they be transferred or pledged by bookkeeping entry without physical delivery of the securities?

Yes

Response Necessary/Eligibility Question

2. Rule 17f-7 also requires that an Eligible Securities Depository “acts as or operates a system for the central handling of securities or equivalent book-entries in the country where it is incorporated,” or “acts as or operates a transnational system for the central handling of securities or equivalent book-entries.”

Does your institution: (Choose all that apply.)

Act as or operate a system for the central handling of securities or equivalent book-entries in the country where it is incorporated? (please answer 2b)

2b. Please specify the types of securities for which you act as or operate a system for the central handling of securities or equivalent book-entries:

equities: domestic and foreign shares, allotment certificates, investment certificates, rights to shares, subscription rights, option warrants, exchange trade funds (ETFs); debt instruments: T-bonds, international financial institutions bonds, central bank bonds, municipal bonds, domestic and foreign corporate bonds, convertible bonds, bonds with priorities rights, mortgage bonds; derivatives: futures contracts, options, index participation units.

3. What type of legal entity is the institution? (Choose all that apply.)

Other (please answer 3a)

3a. Please explain:

Joint stock company

4. Is the institution operated as a "for profit" or a "not for profit" organization?

Not for profit, Other (please answer 4a)

4a. If other, please explain:

Depository may set aside a share of its profits for the payment of a dividend if the profits generated do not need to be retained to enable the Company to perform its business activities.

5. Please provide the names of the owners and their ownership interest percentages.

33 % Warsaw Stock Exchange 33 % National Bank of Poland (Central Bank) 33 %

Ministry of State Treasury

6. Please answer the following:

6a. What is the date of establishment of the depository?

07/Nov/1994

6b. What is the date that the depository's operations began?

11/Apr/1991

7. Under what regulation or statute is the depository established and governed?

The Trading in Financial Instruments Act, Capital Market Supervision Act, Statute of the KDPW, Code of Commercial Companies

7a. Is the regulation or statute electronically available?

Yes (please answer 7b), No

7b. If regulation or statute is electronically available, please supply web address(es) here or upload document(s) in question 7c.

The Trading in Financial Instruments Act :

1. english translation not updated

[http://www.knf.gov.pl/en/Images/ustawa\\_o\\_obrocie\\_aktualizacja\\_2011\\_tcm81-26532.pdf](http://www.knf.gov.pl/en/Images/ustawa_o_obrocie_aktualizacja_2011_tcm81-26532.pdf)

2. polish legally binding version

<http://isap.sejm.gov.pl/Download;jsessionid=3061DD681AD400882C0F34D302959ED7?id=WDU20051831538&type=3>

Capital Market Supervision Act:

1. english translation not updated

[http://www.knf.gov.pl/en/Images/o\\_nadzorze\\_kapitalowym\\_aktualizacja\\_2009\\_tcm81-27720.pdf](http://www.knf.gov.pl/en/Images/o_nadzorze_kapitalowym_aktualizacja_2009_tcm81-27720.pdf)

2. polish legally binding version

<http://isap.sejm.gov.pl/Download?id=WDU20051831537&type=3>

Statute of the KDPW

[http://www.kdpw.pl/en/rules/Documents/statut\\_e.pdf](http://www.kdpw.pl/en/rules/Documents/statut_e.pdf)

Code of Commercial Companies

1. polish legally binding version (english not available)

<http://isap.sejm.gov.pl/Download;jsessionid=DC25EEF8E67CCFE5DF9D96464D667771?id=WDU20000941037&type=3>

7c. Please supply document(s) here:

7d. Please provide details of the structure and composition of your Board together with their industry experience and responsibilities in governing the depository.

### What are the qualifications to become a board member?

The Polish legal system (Code of Commercial Companies) provides general requirements concerning members of company governing bodies. According to the Code, the KDPW as a joint-stock company has a dualistic structure of governance (so called two-tier board system): supervisory and management board.

Qualification requirements concerning specific educational background and professional experience in a given field are set out in certain acts of law governing the operation of entities in a given sector, e.g. banks or some companies of specific character established pursuant to a separate act of law. The Act on Trading in Financial Instruments dated 29 July 2005 (as amended), pursuant to which the KDPW operates, includes no such provisions with respect to the supervisory and management board of a company. In such a situation, qualification requirements are set by shareholders to appoint a Board member. .

### 7e. What are the election procedures?

The Supervisory board represents shareholders. Members are appointed and dismissed by the Shareholders' General Meeting. They elect a Chairman and Vice-Chairman in a secret ballot.

The General Meeting is valid and may adopt resolutions if at least half of the shares are represented. The shareholders of the company are, in equal parts: the State Treasury represented by the Minister of the State Treasury, the Warsaw Stock Exchange and the National Bank of Poland.

The Management board:

- the President is appointed/dismissed by the Shareholders' General Meeting in a secret ballot by an absolute majority of votes (more than half of the votes cast),
- Members including one or more vice-presidents of the Board are appointed, at the request of the President of the Board, by the Supervisory Board in an open vote by an absolute majority of votes cast by the members of the Supervisory Board present at the meeting. The meeting is valid if all members of the Supervisory Board have been notified of the meeting at least 5 working days prior to its date and at least half of the members of the Supervisory Board are present. In order to adopt a resolution concerning the appointment or, as the case may be, dismissal of a member of the Board (as well as in other matters), such an item must be included in the agenda of a meeting. In justified circumstances, the Chair of the Supervisory Board may shorten the length of 5 days deadline.

### 7f. What is the maximum length of time a board member can serve?

Time length of a board member is set out in the Statute of the KDPW.

It amounts to three years constituting joint term of office of the Board members. The rule concerns the Supervisory Board of KDPW S.A. and the Management Board of KDPW S.A.

The mandates of all Board members expire on the day an Annual Meeting of Shareholders for the previous full financial year of serving as the member is held. Under Polish law there is no limit as to the number of terms of office, however there is

a limitation as to the duration of such a term, which in joint stock companies is 5 years.

7g. How are the voting powers distributed amongst the board members (i.e. does each board member have one vote or do certain members have additional voting power)?

Each Board member has one vote.

The Supervisory board: Resolutions are adopted on the basis of an absolute majority of votes of the members present at the session.

The Management board: Resolutions are adopted by ordinary majority of votes. In the case of a tie, the President of the Board has the casting vote. Each Board member may have a dissenting opinion, if they vote against the resolution. Such a dissenting opinion must be written down in the resolution and legal and factual justification for it must be given.

7h. Who is responsible for regulating the board members?

The number of Board members, the duration of the term of office (in accordance with the statutory norm), any additional rights for the President of the Board associated with supervising the work of the Board, as well as the manner of voting, the validity of Board meetings, extension or, as the case may be, limitation of competences of the Board in accordance with the Code of Commercial Companies are set out in the Statute of the KDPW, i.e. by shareholders acting as the General Meeting.

**Response Necessary/Eligibility Question**

8. Rule 17f-7 requires that an Eligible Securities Depository “is regulated by a foreign financial regulatory authority as defined under section 2(a)(50) of the Act”, with section 2(a)(50) establishing that “‘foreign financial regulatory authority’ means any (A) foreign securities authority, (B) other governmental body or foreign equivalent of a self-regulatory organization empowered by a foreign government to administer or enforce its laws relating to the regulation of fiduciaries, trusts, commercial lending, insurance, trading in contracts of sale of a commodity for future delivery, or other instruments traded on or subject to the rules of a contract market, board of trade or foreign equivalent, or other financial activities, or (C) membership organization a function of which is to regulate the participation of its members in activities listed above.”

Who regulates the activities of the depository? (Choose all that apply.)

A governmental body or regulatory organization empowered to administer or enforce laws related to securities matters.

9. Please provide the name of regulatory authority(ies) identified in question 8:

The Polish Financial Supervision Authority (PFSA)

**Response Necessary/Eligibility Question**

10. Rule 17f-7 requires that an Eligible Securities Depository “is subject to periodic examination by regulatory authorities or independent accountants.”

Is the depository subject to periodic examination by: (Choose all that apply.)

Independent accountants?

11. What enforcement actions are available to the regulatory authority(ies) for breach of applicable statute or regulatory requirements? (Choose all that apply.)

Name of Authority #1 (please answer 11a):

The Polish Financial Supervision Authority (PFSA)

11a.

Fines, Other (please answer 11b)

11b. Please explain:

An authorized representative of PFSA shall have the right to review KDPW's books, documents and other carriers of information; to participate in the meetings of the supervisory board and in the general meetings of shareholders of KDPW. Upon a written request of PFSA, the KDPW management board shall be obliged to convene an extraordinary general meeting of shareholders or to put any matters specified by PFSA on the agenda of the general meetings. In case the management board refuses to do it, PFSA may appeal to a court to convene an extraordinary general meeting. PFSA may order the supervisory board to adopt a resolution concerning a particular matter. PFSA may appeal to a court against any resolution of the general meeting of shareholders or supervisory board, within 30 days of the date of receiving notice of the resolution, if it violates the provisions of law, the provisions of the KDPW's statute, the rules or principles of safety of trading, or if the resolution has been adopted contrary to the provisions of law, provisions of the KDPW's statute or the rules.

Name of Authority #2 (please answer 11c):

11c.

12. Has there been any use of such enforcement actions in the last three years?

No

Capital

13. Are annual financial statements publicly disclosed?

Yes (please answer 13a)

13a. If yes, the AGC requests a copy of the institution's annual report. Is the annual report available electronically?

Yes (please answer 13b)

13b. If yes, please upload the document(s) here or insert web link(s) in question 13d:

13c. If more than one document for 13b, please upload the additional document here:

13d. Please insert web link(s) for 13b here:

<http://www.kdpw.pl/en/kdpw/publications/Pages/AnnualReports.aspx>

#### Internal Audit

14. Is an internal audit undertaken in your depository?

Yes (please answer 14a)

14a. If yes, what areas does the audit cover (financials, operations, etc.) and which department in your depository handles it?

The audit covers operations, compliance and partially financials areas. It is handled by the Internal Audit Department.

14b. Please list the date of your last internal audit and the period that the audit covered:

16/Aug/2013

to

30/Aug/2013

the audit covered the period from 1 April to 30 June 2013

14c. How frequently does the internal audit occur? (Choose one.)

Two or more times a year (please answer 14e)

14e. Are the results of the internal audit publicly available?

No

14f. Please select the statement that most accurately characterizes the results of the last internal audit: (Choose one.)

No material exceptions found.

15. Is a financial audit performed by an Audit Firm, Regulatory Authority, or other external party?

Yes (please answer 15a)

15a. If yes, please state the name(s) of the entity(ies) who perform the financial audit.

BDO Sp. z o. o. Tax audits is performed by the Fiscal Audit Office

15b. Please list the date of your last financial audit performed by an Audit Firm, Regulatory Authority, or other external party:

19/Jul/2013

15c. Please list the period that the audit covered:

01/Apr/2013

to

30/Jun/2013

15d. How frequently does the financial audit occur? (Choose one.)

Two or more times a year (please answer 15f)

15f. Are the results of the financial audit publicly available?

Yes, No

15g. Please select the statement that most accurately characterizes the results of the last financial audit: (Choose one.)

No material exceptions found.

16. Is an operational audit performed by an Audit Firm, Regulatory Authority, or other external party?

Yes (please answer 16a)

16a. If yes, please state the name(s) of the entity(ies) who perform the operational audit.

The Polish Financial Supervision Authority (PFSA)

16b. Please list the date of your last operational audit performed by an Audit Firm, Regulatory Authority, or other external party:

06/May/2009

16c. Please list the period that the audit covered:

02/Jan/2008

to

31/Mar/2009

16d. How frequently does the operational audit occur? (Choose one.)

Less than annually (please answer 16e)

16e. If less than annually, please explain:

The PFSA operates audits chiefly at the request of KDPW participants, which may seek an investigation of certain procedures. No such requests have been made since 2009.

16f. Are the results of the operational audit publicly available?

No

16g. Please select the statement that most accurately characterizes the results of the last operational audit: (Choose one.)

No material exceptions found.

## PARTICIPANTS AND PARTICIPATION

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*The purpose of this section is to understand issues relating to participation in the depository, including eligibility requirements, conditions of participation, and supervision of participants.*

17. What types of entities are eligible to become participants and how many of each type are there currently? (Choose all that apply.)

Banks (please answer 17a), Brokers (please answer 17e), Foreign Institutions (please answer 17m), Other entities (please answer 17q)

17a. How many Bank participants are there currently? (then please answer 17b)

15 (as of the end September 2013)

17b. Please select the features included in the eligibility requirements for Banks. (Choose all that apply.)

Regulatory Oversight (please answer 17c), Other (please answer 17d)

17c. Where can a description of the specific eligibility requirements for Bank participants be found?

KDPW Rules

17d. Please explain:

Material and technical requirements

17e. How many Broker participants are there currently? (then please answer 17f)

23 (as of the end September 2013)

17f. Please select the features included in the eligibility requirements for Brokers. (Choose all that apply.)

Regulatory Oversight (please answer 17g), Other (please answer 17h)

17g. Where can a description of the specific eligibility requirements for Broker participants be found?

KDPW Rules

17h. If other, please explain:

Material and technical requirements

17m. How many Foreign Institution participants are there currently?

1 (as of the end September 2013)

17n. Please select the features included in the eligibility requirements for Foreign Institution participants. (Choose all that apply.)

Regulatory Oversight (please answer 17o), Other (please answer 17p)

17o. Where can a description of the specific eligibility requirements for Foreign Institution participants be found?

The Trading in Financial Instruments Act, KDPW Rules

17p. If other, please explain:

Material and technical requirements

17q. If you have selected "Other entities" above, please explain:

- Depositors (brokerage offices or banks: participants who do not keep securities accounts, however perform activities involving the execution of securities purchase or sale orders on behalf of clients, entrust the KDPW with the management of securities accounts for their own securities); - Market organisers - Exchanges (Warsaw Stock Exchange, Bondspot SA, Polish Power Exchange); - Clearing houses (KDPW\_CCP, Warsaw Commodity Clearing House), - Central depository (KDPW)– Treasury State/Ministry of Finance; Bank Guarantee Fund's, Central Bank (National Bank of Poland)

17r. Indicate how many "Other entities" are currently participants?

28 (as of the end September 2013)

17s. Please select the features included in the eligibility requirements for the participants referred to above as "Other entities". (Choose all that apply.)

Regulatory Oversight (please answer 17t)

17t. Where can a description of the specific eligibility requirements for participants described above as "Other entities" be found?

KDPW Rules

18. Are participants required to contribute capital to the depository that would result in ownership of the depository?

No

19. Are prospective participants subject to an initial review and approval process regarding

compliance with eligibility requirements?

Yes

Conditions of Participation

20. What governs the relationship between the depository and the participants? (Choose all that apply.)

Relevant law and regulation, Standard participation contract, By-laws of the depository, Rules of the depository

**Response Necessary/Eligibility Question**

21. Rule 17f-7 requires that an Eligible Securities Depository “holds assets for the custodian that participates in the system on behalf of the Fund under safekeeping conditions no less favorable than the conditions that apply to other participants.”

Please confirm that assets of foreign investors held by custodians as participants in the depository are held under safekeeping conditions no less favorable than the conditions that apply to other participants.

Yes (please answer 21b)

21b. Please confirm the basis for the arrangements in place to ensure that the assets you hold for custodians receive the same level of safekeeping protection as the assets held for other categories of participants. (Choose all that apply.)

Relevant Law and Regulation (please answer 21d)

By-laws of the depository (please answer 21d)

Rules of the depository (please answer 21d)

**Question 21d is new to the questionnaire this year.**

21d. For each item in Question 21b that you checked, please briefly supply references or citations to the law(s), regulation(s), or depository rule(s), participation condition(s), or participant contract provision(s), as applicable.

Relevant Law and Regulation: There are no less favourable conditions for holding foreign investors assets by custodians in the depository system. The Act of 29th July 2005 on Trading in Financial Instruments defines the system for registration of dematerialised securities comprising securities accounts, deposit accounts and omnibus accounts kept by entities authorised to do so under this Act and maintained by the KDPW (article 3, point 21).

KDPW is in charge of registering securities in: 1) deposit accounts, in the case of which the identification of the holder of the securities account in which such securities have been registered is not possible; 2) securities accounts; 3) omnibus accounts.

Balances on accounts kept by the participants should correspond with the balances on the relevant deposit accounts kept at KDPW (article 57).

Omnibus accounts are dedicated only for foreign entities (article 8a). However, deposit and omnibus accounts work on the same principles, i.e. the co-mingling of securities belonging to the clients of KDPW participants. In this way, the assets of foreign investors are not differentiated from those of

other types of investors, but treated equally.

Established terms and conditions of participation: Participants managing securities accounts and omnibus accounts in their systems are obliged to conform to the rules of managing a securities register (article 20, 24, 33, 33a of the KDPW Rules). The rules are similar for custodian and other participants who held foreign or domestic investor assets.

Rules of the depository: The accounting scheme for the recording and transfer of securities is determined by the KDPW rules (article 34-36 of the KDPW Rules) and there is no discriminatory treatment of the foreign investor assets. The registration is carried out as expressions of quantity, according to the following principles: double-entry bookkeeping, separate registration of securities, classification by types of participant status (separation the client's assets from participants securities), simultaneous registration (the registration on accounts managed by participant should reflect the balances on accounts managed in KDPW), completeness, integrity and transparency. The best accounting practices are applied and end-to-end audit trails are kept.

22. How does the depository notify participants of material changes to the conditions of participation? (Choose all that apply.)

By public announcement, Other (please answer 22a)

22a. Please explain:

Electronic information system: ESDI (Electronic System of the Information Distribution) or ESDK (Electronic System of the Messages Distribution)

### Governance of Participants

23. Who enforces compliance with the depository's conditions of participation? (Choose all that apply.)

The depository

24. What enforcement actions are available to the enforcement authority? (Choose all that apply.)

Fines, Restrictions on participation, Suspension of participation, Termination of participation, Other (please answer 24a)

24a. Please explain:

The Depository may caution a participant.

25. Has there been any such enforcement actions in the last three years?

Yes (please answer 25a)

25a. If yes, please explain, including information relative to any suspensions of depository participants:

During the past 3 years the following disciplinary measures have been applied vis-a-vis 1 participant each: - a caution (as per § 104.3 of the KDPW Rules), because of: numerous errors on

accounts carried in its system in breach of securities book keeping principles specified in the KDPW Rules; - a deadline set (preceding the fine) for correction of securities book keeping practices, which breached KDPW regulations.

## DEPOSITORY FUNCTIONALITY AND SERVICES; USE OF AGENTS

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*Certain functionalities and services reduce risk to an investor if provided in an efficient manner. The purpose of this section is to identify those functionalities that may potentially be offered by depositories and clearing systems around the world, and ascertain whether they are offered by your institution.*

26. For which of the following security types do you serve as a depository or clearing system?  
(Choose all that apply.)

Government securities, Equities, Corporate bonds, Corporate money market instruments, Others  
(please answer 26a)

26a. Please name the other security types:

Debt financial instruments: mortgage bonds, municipal bonds, convertible bonds, central bank bonds, financial institution bonds, non-public bonds, bonds with priorities rights, structured certificates Equity financial instruments: preferred shares, investment certificates exchange-traded funds (ETFs). Other securities allotment certificates pre-emptive rights, option warrants subscription warrants. Other financial instruments - options, futures contracts, index participation units

27. Is the use of the depository in your market compulsory by law or compulsory by market practice for the settlement or safekeeping of all instrument types in your market (e.g. equities, government securities, corporate bonds, money market instruments, warrants, derivatives etc). (Choose all that apply.)

Yes by law for settlement of all instrument types (please answer 27a), Yes by law for safekeeping of all instrument types (please answer 27b)

27a. Please list the instrument types for which it is not compulsory by law to:

(i) settle in your depository

The use of the depository in Polish market is compulsory for regulated and alternative market. The instrument types for which it is not compulsory by law to settle: Treasury bonds, Treasury bills; T-Bills are settled with the Securities Register (operated by the National Bank of Poland)

(ii) safekeep in your depository:

T-Bills are safekept in the Securities Register operated by the National Bank of Poland

27b. Please list the instrument types for which it is not compulsory by market practice to:

(i) settle in your depository

Treasury bills; T-Bills are settled with the Securities Register (operated by the National Bank of Poland)

(ii) safekeep in your depository:

T-Bills are safekept in the Securities Register operated by the National Bank of Poland

## 28. Settlement and Safekeeping Percentages

28a. Please list by instrument type the percentage of the total market in your jurisdiction (either volume or value) settled within your institution, exclusive of your links with third parties.

100 % - for securities traded on the regulated market and the alternative trading

28b. Please list by instrument type the percentage of the total market in your jurisdiction (either volume or value) held in safekeeping within your institution.

100 % - for securities traded on the regulated market and the alternative trading

29. Are there any activities performed by a third party on behalf of the depository for the depository participants (e.g., vaulting of physical securities, registration, entitlement processing, etc.)?

No

30. Has any participant suffered any losses in the past three years due to the depository's performance?

No

## Other Services

31. Who accepts cash deposits (or makes payment credit accommodations) for depository transactions? (Choose all that apply.)

Central Bank

32. Who processes cash clearing (or draws on credit lines, if applicable) for depository transactions? (Choose all that apply.)

Depository

33. Who controls the movement of cash for cash deposits (or draws on credit lines, if applicable)? (Choose all that apply.)

Neither/others (please answer 33b)

33b. If others, please explain:

Payment banks, which hold cash accounts at the central bank

34. Who controls the movement of cash for cash clearing (or for draws on credit lines, if applicable)? (Choose all that apply.)

Depository

### 35. Please indicate services you provide. (Choose all that apply.)

Information in advance on corporate (annual or special) meetings in order that owners can vote., In order to avoid fails, an automatic securities lending facility - if requested - is provided for. (please answer 35a), Collateral handling in support of activities including securities lending, overdraft coverage, cash management, repurchase agreements, etc. Please provide details. (please answer 35c), Same day turnaround settlements., Information on distribution of new issues (IPO, Privatization)., Other (please answer 35d)

#### 35a. Automatic securities lending facility is provided for: (Choose all that apply.)

Other (please answer 35b)

#### 35b. If other please explain:

The automatic securities lending system is organized by KDPW\_CCP (which is the clearing subsidiary of the Depository) in cooperation with KDPW. Banks and brokers who are direct participants of the KDPW, acting on their own account or on the account of another person, however, the securities borrower may only be a direct participant with the status of clearing member in the transaction clearing system operated by KDPW\_CCP or with the status of a representative (settlement agent) for KDPW\_CCP clearing members.

#### 35c. Collateral Handling: please provide details:

KDPW holds collateral for an automatic loan (cash, treasury bonds traded on the regulated market in the territory of the Republic of Poland, shares participating in the WIG20 index, or treasury bills, if they are included on the list of securities determined by the KDPW) in co-ordination with KDPW\_CCP.

In Q1 of 2014 KDPW will implement collateral management for tri-party repo

#### 35d. If other services, please explain:

Other services: settling transactions conducted on the regulated and non-regulated markets, hold-release mechanism which allows management of instructions sent for settlement, organising and managing the Pension Guarantee Fund, managing the compulsory Investor Compensation Scheme, processing of transfer payments between open-ended pension funds, trade repository service for derivatives trades addresses the provisions of EMIR, guaranting trades already concluded on the power exchange within the Exchange Clearing House of the KDPW (diminishing activity). KDPW is looking to implement new services supporting securities transactions settlement in Q1 of 2014: - negotiated securities lending service, organized in cooperation with KDPW\_CCP (anonymous loans to be initiated by KDPW participants, lenders would put in offers, borrowers would accept or reject them); - tax service for omnibus accounts (tax relief at source services for foreign owners of all Polish financial instruments), - partial automatic settlement functionality (additional service offered to KDPW participants to optimise the volume of settled transactions on the organised market and outside of the organised markets). Introduction of partial automatic settlement will be co-ordinated with a simultaneous project for implementing a securities netting mechanism in KDPW\_CCP.

### 36. What procedures are in place for the processing of corporate action entitlements? (Choose all

that apply.)

Credited to the securities account upon actual receipt by the depository.

37. What procedures are in place for the processing of interest and dividends?(Choose all that apply.)

Credited to the cash account upon actual receipt by the depository.

Linkages With Other Central Securities Depositories (CSD) or International Central Securities Depositories (ICSD)

38. Please list all depositories or settlement systems to which you have an electronic link.

OeKB (Austria), KELER (Hungary), Clearstream Banking Luxembourg, Euroclear Bank, EVK (Estonia), CSDP SR (Slovakia),LCVPD (Lithuania), KDD (Slovenia), LCD (Latvia).

39. Are procedures and controls (firewalls) in place to avoid systemic collapse or contamination if one of the linked entities should experience business interruptions for whatever reason?

Other (please answer 39a)

39a. Please explain:

The links are provided via a SWIFT messaging system and there is no direct linkage between the Depository's and the other entity's systems. The workstation is secured with standard SWIFT security system.

40. Has a business interruption recovery plan been developed in the event the linkages should become inoperable for any reason?

Yes

## ACCOUNT STRUCTURES AND RECORDKEEPING

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*The purpose of this section is to identify the nature of accounts; the naming convention is employed, the level of segregation achieved, accessibility in the event of bankruptcy and the frequency of reporting generated from them.*

41. Are participants permitted to maintain more than one account at the depository?

Yes (please answer 41a)

41a. If yes, please indicate number: (Choose one.)

An unlimited number of accounts.

42. Are participants required/ permitted to segregate assets held for their own benefit from those they hold for their clients?

Yes (please answer 42a)

42a. If yes, is segregation required or simply permitted?

Required (please answer 42b)

42b. How does segregation occur? (Choose all that apply.)

By separately designated participant accounts.

43. Does the depository permit its participants to open accounts in the participant's own nominee name(s)?

No, Other (please answer 43b)

43b. If other, please explain:

An amendment to the Act on Trading in Financial Instruments has allowed the introduction of omnibus accounts in the Polish depository system operated by KDPW. Omnibus accounts operated by KDPW participants are available as of 16 April 2012. The option of offering omnibus accounts operated by the KDPW (as opposed to KDPW Participants) are available as of 14 January 2013 . According to the law, omnibus accounts are restricted for foreign entities to cash market instruments

44. In the event a participant's single or main account is blocked for any reason (e.g., insolvency, penalties, violations, liens), would securities held in any account or accounts on behalf of the participant's clients be accessible:

44a. By the participant's clients?

Yes (please answer 44b)

44b. If yes, please describe briefly how clients of participants would access their securities and whether there would be any delay in their ability to do so:

Any securities charges (i.e.: liens) made on accounts managed by KDPW may only affect those accounts where the participant's own securities are registered. As a result of this a charge cannot limit access by a client of that participant to securities registered on the securities account managed by that participant. In the same way, the insolvency of a participant does not in itself lead to restriction of access by a client, since the client's securities do not make up the property of the participant, nor do they form that participant's assets. Only where the participation status of a given participant is suspended can their clients have difficulties in access to securities they own which are registered on the securities accounts managed by that participant, since during the suspension period, all accounts managed for that participant in KDPW are suspended as well (this is the fundamental nature of participation). In such case (suspension of participant) Polish Financial Supervision Authority may take a decision to transfer securities from accounts managed by this participant to another participant (who gave its consent to it), where they are immediately accessible to the clients. The same situation may arise in the event of cancellation of participation. Moreover, the same temporary difficulties can be assumed for clients of indirect participant in case of suspension or cancellation of participation for direct participant conducting activity for the latter.

44d. By the intervening authorities controlling insolvency or other proceedings?

No

44g. By the participant's creditors?

No

44j. By the depository's creditors?

No

45. In what form does the depository maintain records identifying the assets of each participant?  
(Choose all that apply. Please refer to "Help" for clarification.)

Computer file (please answer 45b), Computer tape (please answer 45b)

45b. In which format is the source data maintained?

IBM AS-400

Response Necessary/Eligibility Question

46. Rule 17f-7 requires that an Eligible Securities Depository “provides periodic reports to its participants with respect to its safekeeping of assets, including notices of transfers to or from any participant's account.”

Does the depository make available periodic safekeeping reports to participants, including notices of transfers to or from the participant's account?

Yes (please answer 46b)

46b. If yes, please indicate the scheduled frequency: (Choose one.)

Daily

47. What is your document and record retention policy for documents and records described above in this section? (Choose one.)

5 years

## SETTLEMENTS

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*The purpose of this section is to identify the model of settlement employed, the relationship between cash and securities, and the basis on which participants meet their obligations.*

48. The Committee on Payment and Settlement Systems of the Bank for International Settlements (BIS) has identified three common structural approaches or models for linking delivery and payment in a securities settlement system. Please indicate which model your procedures most closely resemble (Please refer to details on the models within the "Help" section located below this

question): (Choose all that apply.)

Model 1 - Gross, Simultaneous Settlements of Securities and Funds Transfers. (please answer 48a),

Model 2 - Gross Settlements of Securities Transfers Followed by Net Settlement of Funds Transfers.

(please answer 48a)

48a. Please briefly describe your settlement process, including how your settlement procedures may vary from the model chosen above (and as described below in the Help section)?

Model 1 (gross settlement of both securities and cash) applicable to the settlement in RTGS of transactions. Model 2 (gross settlement of securities with net settlement of cash via central bank) applicable to the settlement in the batch system.

Model 3 will be applicable in 1Q 2014 after the introduction the optional netting mechanism in KDPW\_CCP system.

Question 48 Help:

*Model 1 - Gross, Simultaneous Settlements of Securities and Funds Transfers. These systems settle transfer instructions for both securities and funds simultaneously on a trade-by-trade (gross) basis, with final (irrevocable and unconditional) transfer of securities from the seller to the buyer (delivery) occurring at the same time as final transfer of funds from the buyer to the seller (payment). The securities settlement system maintains securities accounts and funds accounts for participants. Transfer of securities and cash are made by book-entry.*

*Model 2 - Gross Settlements of Securities Transfers Followed by Net Settlement of Funds Transfers. These systems settle securities transfer instructions on a trade-for-trade (gross) basis, with final transfer of securities from the seller to the buyer (delivery) occurring throughout the processing cycle, but settle funds transfer instruction on a net basis, with final transfer of funds from the buyer to the seller (payment) occurring at the end of the processing cycle.*

*The securities settlement system maintains securities accounts for participants, but funds accounts are usually held by another entity (often a commercial bank or the central bank). Securities are transferred by book-entry, such transfer being final at the instant the entries are made on the securities settlement system's books. The corresponding funds transfers are irrevocable, but not final. During the processing cycle, the system calculates running balances of funds debits and credits, the balance being settled at the end of the processing cycle when the net debit and net credit positions are posted on the books of the commercial bank or central bank that maintains the funds accounts. Settlement of funds accounts may occur once a day or several times a day.*

*Model 3 - Simultaneous Net Settlement of Securities and Funds Transfers. These systems settle transfer instructions for both securities and funds on a net basis, with final transfer of both occurring at the end of the processing cycle. Settlement may occur once a day or several times a day. The securities settlement system maintains securities accounts for participants. Funds accounts may be maintained by another entity, either a commercial bank or the central bank.*

*During a processing cycle, running balances of debits and credits to funds and securities accounts are calculated. All funds and securities transfers are provisional until the end of the processing*

cycle, at which time book-entry transfer of securities take place. If and only if all participants have sufficient balances of funds and securities, final transfers of the net securities balances and net funds balances are executed.

49. Are the cash and security movements simultaneous?

Yes

## OWNERSHIP OF SECURITIES

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*The purpose of this section is to determine how ownership of securities is represented, the ways the depository maintains ownership or control of securities held in the depository, and the extent to which ownership of assets held by the depository is separated from the proprietary assets of the depository.*

*This section also considers the process by which the ownership of securities is transferred in the depository and the existence of any liens or claims on the depository securities (such as a clearing lien) that would affect the ownership of depository securities.*

50. How are depository eligible securities held by the depository?

Securities in the depository are held in dematerialized form.

51. If depository eligible securities are certificated, can depository eligible securities be held outside of the depository?

Not applicable

52. If securities are dematerialized:

May dematerialized security positions be re-certificated and held outside the depository?

Yes (please answer 52a)

52a. Are the securities held: (Choose all that apply.)

Through book-entry at the depository

52d. If the securities held by the depository are recorded by book entry at the registrar, are the securities registered only to the depository, with the depository providing the function of recording ownership on a centralized basis for the market? (Choose all that apply.)

Other (please answer 52l)

52i. If the securities held with the depository are recorded by book-entry at the registrar, what are the control features at the registrar for transfer of registrar positions to and from the depository (e.g., authentication procedures, reconciliation, confirmation of position at registrar)? Please describe:

not applicable

52l. If other, please explain:

not applicable (book-entry is at the depository)

Response Necessary/Eligibility Question

53. Rule 17f-7 requires that an Eligible Securities Depository “maintains records that identify the assets of each participant and segregate the system's own assets from the assets of participants.”

Does the depository maintain records that identify the assets of each participant and segregate the system's own assets from the assets of participants?

Yes

54. Does the law protect participant assets from claims and liabilities of the depository?

Yes

55. Can the depository assess a lien on participant accounts? (A lien would entitle the depository to take and hold or sell the securities of the participant in payment of a debt.)

Yes (please answer 55a)

55a. If yes, for what reasons are liens or similar claims imposed? (Choose all that apply.)

Other (please answer 55b)

55b. Please describe:

The securities on the participant's proprietary account may be used to further collateralize an automatic securities loan taken out by the participant if that participant (acting as borrower) fails to provide sufficient collateral for the loan in the first place. Assets on the participant's proprietary account may also be used to close out a loan, when the securities are not returned at the agreed time. In such case they are taken over by KDPW\_CCP and used to purchase securities for the purpose of returning them to the lender.

55c. Please indicate the limits of this lien as indicated below: (Choose one.)

The lien is limited to securities in the participant's proprietary account

55e. If a lien is placed on a participant's account which has been designated for its clients, will the depository select certain securities to be subject to the lien?

Other (please answer 55n)

55j. For accounts designated as client accounts, do procedures exist to restrict the placement of liens only to obligations arising from safe custody and administration of those accounts?

Other (please answer 55m)

55m. If other, please explain:

Not applicable

55n. If other, please explain:

Not applicable

56. Transfer of Legal Ownership

Does the depository have legal authority to transfer title to securities?

Yes (please answer 56a)

56a. When does title or entitlement to depository securities pass between participants? (Choose one.)

Other (please answer 56b)

56b. Please describe:

The title to depository securities passes in the moment of booking these securities on the securities account kept by participant. Entries in securities accounts kept by participants and arising as a result of transactions shall be made on the basis of documents proving settlement of these transactions in the KDPW.

57. How are eligible securities lodged (that is, placed) in the depository system? (Choose all that apply.)

Other (please answer 57a)

57a. Please describe:

Securities are lodged into the depository system on the basis of a securities registration contract concluded by the issuer with KDPW. When KDPW registers the securities in the depository system, they become dematerialised and they exclusively exist in the form of electronic records on depository accounts managed by KDPW and securities accounts managed by its participants. The securities which were previously in the material form should be deposited with KDPW or its participant before registration. As a result of the registration any records made by KDPW or its participant for the securities deposited before in the material form become electronic records in the depository system.

58. When are securities lodged into the depository reflected in a participant's depository account? (Choose all that apply.)

Securities are reflected in the participant's depository account immediately upon delivery to the depository

59. How long does it usually take to lodge securities with the depository? (Choose one.)

1 to 2 days

60. During the process of lodging securities into the depository, can the securities:

Be traded?

No (please answer 60c)

60a. During the process of lodging securities into the depository, can the securities:

Be settled?

No (please answer 60d)

60b. During the process of lodging securities into the depository, can the securities:

Have ownership transferred?

Other (please answer 60e)

60c. If they cannot be traded, or if you answered other, please explain:

see above

60d. If they cannot be settled, or if you answered other, please explain:

see above

60e. If ownership cannot be transferred, or if you answered other, please explain:

Rights from securities are created from the moment the securities are registered on the securities account and the owner of the securities account is entitled to these rights. These securities only exist in the form of electronic records on depository accounts and securities accounts. Trade in these securities is only possible with the registration of these securities on the securities account. However, as regards securities issued in paper form which are to be registered in KDPW, the ownership in these securities may be transferred up until the moment of their registration in KDPW. Yet, the transfer is made outside of the depository system.

61. Are securities immediately available for delivery upon transfer to the depository?

Yes

62. Please describe briefly the arrangements/procedures/facilities you maintain to ensure that eligible securities held at the depository are handled at least as efficiently as compared to securities held outside the depository, particularly in relation to income, corporate actions and proxy services.

Not applicable

63. What transfer process steps are involved when eligible securities are withdrawn from the depository for safekeeping? (Choose one.)

Other (please answer 63a)

63a. Please specify:

The withdrawal of securities from the depository takes place when the issuer decides to do it. However,

the issuer needs the approval of the PFSA to do it. Moreover, the withdrawal of equities is possible when the issuer's insolvency is declared or it cannot be declared owing to the fact that the issuer's assets are not able to cover the costs of the insolvency proceeding. As a result of the PFSA approval or the binding insolvency declaration or the binding resolution that rejects the application for insolvency because the issuer's assets are not able to cover the costs of the insolvency proceeding, KDPW indicates the date when its participants are obliged to deliver the data of the shareholders to the issuer.

64. How long does it usually take to remove securities from the depository? (Choose one.)

3 days to 1 week

65. While the securities are being removed from the depository, can they:

65a. Be traded? (Choose one)

No (please answer 65b)

65b. Please explain:

The status of the securities is changed, participants within the indicated deadline, deliver to the KDPW instructions to change the status of the securities to be cancelled to "blocked for corporate actions".

65c. Be settled?

No (please answer 65d)

65d. Please explain:

see 65b

65e. Have ownership transferred?

No (please answer 65f)

65f. Please explain:

see 65b

## STANDARD OF CARE

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*The purpose of this section is to understand the responsibility and liability that the depository has in providing services to its participants/members in the settlement and clearing of securities and/or cash, and to understand what type of protections exist for participants in the event of a participant failure/default.*

### Depository Liability

66. Does the depository accept liability (independent of any insurance coverage) for the following:

66a. Reconciliation errors with the registrar and/or the issuer that result in direct damages or losses to participants?

Yes (please answer 66b)

66b. If yes, please check all of the following that apply:

The depository assumes liability for direct losses

66e. Theft of securities (either physical certificate or electronically from accounts at the depository) from the depository that result in direct damages or losses to participants?

Yes (please answer 66f)

66f. If yes, please check all of the following that apply:

The depository assumes liability for direct losses

66i. Failure of the depository's systems that result in direct damages or losses to participants because they cannot use either securities or funds?

Yes (please answer 66j)

66j. If yes, please check all of the following that apply:

The depository assumes liability for direct losses

66m. Any direct damages or losses to participants caused by the depository due to its errors, omissions or fraud?

Yes (please answer 66n)

66n. If yes, please check all of the following that apply:

The depository assumes liability for direct losses

66q. Any direct damages or losses to participants caused by the depository in its capacity as a central counterparty?

No

66u. Does the depository guaranty settlement?

Other (please answer 66w)

66w. If other, please explain:

Settlement is guaranteed only for regulated and alternative trading markets transactions. The guaranty of the depository settlement is accomplished by the KDPW\_CCP (wholly-owned by the KDPW) and its guarantee mechanism. It comprises: maintenance margins, basic and additional contributions to the relevant parts of the guarantee fund and the CCP's own capital dedicated for guarantee purposes. Activation of the guarantee mechanism takes place in the case of insolvency of a clearing member when KDPW\_CCP becomes the party to the transaction instead of the failed clearing member. The capital of the CCP, which amounts PLN 200 million (around USD 64 million) could be used to cover a default of a participant if the margins and the guarantee fund would not be sufficient.

66x. Any direct damages or losses to participants caused by the depository as a result of force majeure events, acts of God, or political events, etc.?

No

66+. In all cases where the depository assumes responsibility for direct or indirect or consequential losses, is the depository's liability limited by a standard of care determination?

Yes (please answer 66\*)

66\*. Please define the standard of care applied:

A greater degree of effort is expected from KDPW, measured by recognising the professional nature of the depository functions carried out by KDPW.

67. Do the depository's written contracts, rules, or established practices and procedures provide protection against risk of loss of participant assets by the depository in the form of?

67a. Indemnification

No

67d. Insurance

Yes (please answer 67e)

67e. Please explain (then please answer 67f):

KDPW holds an insurance agreement to cover particular fraud relating to KDPW owned financial instruments, financial instruments registered on KDPW accounts and KDPW managed accounts, or where KDPW has powers of attorney. The policy further covers risks involving malfunctions of IT systems, computer crime, and professional liability of financial institutions (interest or damages for failure to perform its functions, or for negligent performance).

67f. Please provide details of the relevant sections of the contracts, rules or practices where this information is found.

n/a

67g. Acknowledgement of liability for losses caused by depository's own actions.

Yes (please answer 67h)

67h. Please explain (then please answer 67i):

see 67e

67i. Please provide details of the relevant sections of the contracts, rules or practices where this information is found.

n/a

#### 67j. Other

Yes (please answer 67k)

#### 67k. Please explain (then please answer 67l:

There is no risk of loss of assets registered on KDPW accounts. Rights to securities arise as a result of entries on securities accounts, which are in effect carried out by the participants themselves. The assets of their investors are safeguarded using a compensation scheme, which is administered by KDPW and used to pay compensation to clients in the event of the bankruptcy of a participant or fraudulent dealings by participants.

#### 67l. Please provide details of the relevant sections of the contracts, rules or practices where this information is found.

Compensation Scheme Regulation, art. 132-146 of the Trading in Financial Instruments Act, Rules of Operation of the Compensation Scheme

#### 68. Is the depository immune from legal action in its own jurisdiction?

Other (please answer 68a)

#### 68a. If other, please explain:

According to the article 6 pt 4 of the Bankruptcy and Restitution Law the legal entity which have been established on the basis of the provisions of a Parliament Act cannot be declared bankrupt. The Depository is such a legal entity.

#### Security Control

#### 69. How do participants receive information (view actual settlement of trades, movement of securities on their accounts, etc.) and see the status of their accounts? (Choose all that apply.)

By direct electronic link, Other (please answer 69a)

#### 69a. Please explain:

Participants can use the messaging communication system ESDI (Electronic System of the Information Distribution) or ESDK (Electronic System of the Messages Distribution), which in an appropriate hardware configurations has the function of direct electronic link. KDPW is going (in 1Q 2014) to replace ESDI by a new kind of channel available for participants ESDI/Web in 1Q 2014.

#### 70. Do participants have access to affect their holdings, including confirming and affirming trades, movement of securities on their accounts, etc.?

Yes (please answer 70a)

#### 70a. How is access given to participants? (Choose all that apply.)

By direct electronic link (please answer 70b), Other (please answer 70c)

70b. Please select type of electronic link:

Secured, leased, dedicated telephone line, Internet

70c. Please explain:

Participants can use the messaging communication system (KDPW Data Exchange System): ESDI (Electronic System of the Information Distribution) or ESDK (Electronic System of the Messages Distribution), which in an appropriate hardware configurations has the function of direct electronic link.

71. Regarding data security:

71a. Are passwords used by participants to access their accounts?

Yes, Other (please answer 71b)

71b. If other, please explain:

Participants have access to the Electronic System of the Information Distribution (ESDI) or Electronic System of the Messages Distribution (ESDK). Data security is based mainly on cryptography (data encipherment), however user passwords are also used for email account access.

71c. Does each user have a unique user ID?

Yes

71e. Are passwords regularly changed?

Other (please answer 71g)

71g. If other, please explain:

Individual cryptographic keys are changed once a year. There is no need to change user passwords.

71h. Is there a user lock-out after a pre-set number of unsuccessful User ID attempts?

No

72. Does the depository communicate with other market entities such as stock exchanges, payment systems, clearing houses, etc., by secured linkages?

Yes (please answer 72a)

72a. Please explain:

KDPW\_CCP, Warsaw Stock Exchange, National Bank of Poland, Polish Financial Supervision Authority, BondSpot S.A., Warsaw Commodity Clearing House

73. How does the depository communicate with other market entities?

73a. Stock Exchanges (Choose all that apply.)

Internet

73b. Payment Systems (Choose all that apply.)

Secured, leased, dedicated telephone line

73c. Clearing Houses (Choose all that apply.)

Secured, leased, dedicated telephone line

73d. Registrars (Choose all that apply.)

Not applicable

74. How is access to the physical building controlled? (Choose all that apply.)

By guards, By electronic keys/personal ID card, By alarm system

75. What are the vault security procedures for the safekeeping of physical paper? (Choose all that apply.)

Not applicable; no vault is maintained

Participant Default Protections Resulting from a Participant Failure

76. If a participant defaults, how is the loss covered? (Choose all that apply?)

Other (please answer 76d)

76d. Please explain:

The KDPW\_CCP guaranty fund covers the loss. The clearing functions and the management of the guarantee fund have been moved from the depository to KDPW\_CCP (central counterparty) on 1 July 2011. Maintenance margins, basic and additional contributions to the relevant parts of the guarantee fund and the CCP's own capital are dedicated for guarantee purposes. Activation of the guarantee mechanism takes place in the case of insolvency of a clearing member when KDPW\_CCP becomes the party to the transaction instead of the failed clearing member. The capital of the CCP, which amounts PLN 200 million (around USD 64 million) could be used to cover a default of a participant if the margins and the guarantee fund would not be sufficient.

77. During the past three years, has there been a situation where a participant defaulted which resulted in a significant loss?

No

78. Does the depository have a guaranty fund independent of stock exchange or other market guarantees?

Other (please answer 78l)

78d. How is the fund financed? (Choose one.)

Contributions from participants (please answer 78f)

**78f. If so, what is the amount or percentage per participant?**

The basis used in determining the total size of the fund and the contributions of participants with the status of clearing member is the level of risk exposure, or open risk. Open risk is the difference between the value of the maintenance margin, calculated according to the value of stress-test parameters for positions at the end of day, and the value of the actual maintenance margin posted by the participant. The size of the fund is determined using the maximum value of open risk of all participants and limited by the minimum and maximum levels adopted by KDPW\_CCP. Contribution payment amounts are determined proportionally to the value of open risk exposure for each clearing member. KDPW\_CCP has a guaranty fund independent of stock exchange or other market guarantees. The size of the guaranty fund for the end of September 2013: Stock Exchange Transactions and BondSpot (regulated market) - PLN 292 million/ EUR 93.7 million/ USD 69.2 million - Alternative Trading System BondSpot - PLN 0.96 million/ EUR 0.23 million/ USD 0.31 million,- Alternative Trading System GPW - PLN 1.15 million/ EUR 0.27 million/ USD 0.37 million (exchange rates at the end of the September 2013: USD/PLN – 3.12; EUR/PLN – 4.22)

**78h. Who is covered by the fund? (Choose all that apply.)**

Other (please answer 78i)

**78i. If other, please explain:**

clearing members

**78j. When is the guaranty fund used? (Choose all that apply.)**

Other (please answer 78k)

**78k. If other, please explain:**

When clearing member defaults

**78l. If other, please explain:**

The guaranty fund covers the regulated and alternative markets transactions.

**79. Does the depository have forms of oversight management for assessing and monitoring of the following? (Choose all that apply.)**

Participant eligibility requirements, Participant volumes, Settlement controls that minimize or eliminate the risk of default by a participant (please answer 79d)

**79d. What type or types of settlement controls (Choose all that apply.)**

Simultaneous DVP (please answer 79g)

**79g. Please explain:**

Settlement of securities is effected after the confirmation of cash settlement in the central bank.

80. Does the stock exchange have default protections that extend to the depository, such as the following? (Choose all that apply.)

Other (please answer 80a)

80a. Please explain:

KDPW\_CCP maintains a guarantee fund for stock exchange and the alternative trading platform transactions (excluding block trade transactions)

## BUSINESS RECOVERY PLAN

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*This section is intended to identify key aspects of the depository's Business Recovery Plan (BRP), including testing requirements and past results, expected recovery time periods, and the independent review and validation (if any) of the BRP.*

81. Do you have a formal business recovery plan?

Yes (please answer 81a)

81a. Does your Business Recovery Plan include: (Choose all that apply.)

Back-up of all computer files, Off-site data storage, Back-up files stored and locked, Off-site operations facility, Other (please answer 81h)

81b. Please identify both the frequency and the last date of testing for the following third party:

Depository participants/members

at last once a year; the last date of testing: 26.05.2012

81c. Please identify both the frequency and the last date of testing for the following third party:

Stock exchange

at last once a year; the last date of testing: 26.05.2012

81d. Please identify both the frequency and the last date of testing for the following third party:

Central bank

at last once a year; the last date of testing: 26.05.2012

81e. Please identify both the frequency and the last date of testing for the following third party:

Local brokers

at last once a year; the last date of testing: 26.05.2012

81f. Please identify both the frequency and the last date of testing for the following third party:

Any other third party

81h. If other, please explain:

On line data replication

82. How quickly can the main system be reactivated in the event of an outage? (Choose one.)

1 - 4 hours

83. If a back-up system exists, how quickly can the back-up system be activated in the event of the main system failing? (Choose one.)

1 - 4 hours

84. Will the depository publicly announce any system interruption?

Yes (please answer 84a)

84a. To whom will the depository disclose any system interruptions? (Choose all that apply.)

To the depository regulators, To all direct participants, Other (please answer 84d)

84d. Please explain:

In case of cash settlement disruption - National Bank of Poland. Pension funds and pension societies

84e. How will the depository disclose any system interruptions? (Choose all that apply.)

By e-mail, By telephone, Other (please answer 84f)

84f. Please explain:

Electronic System of the Information Distribution (ESDI), ESDK (Electronic System of the Messages Distribution), fax

85. In the past three years, has it been necessary to activate the recovery plan in a live situation?

No

85b. How much time was needed to recover and restore business to normal operations? (Choose one.)

## PERFORMANCE, INSURANCE, AND LOSS

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*This section is intended to identify the level of insurance maintained by the depository, and the extent to which coverage would extend to financial loss incurred by participants and their clients, including but not limited to losses resulting from operating performance, security breaches, and employee negligence or misconduct.*

86. Has there been any material loss by the depository during the past three years?

No

87. Has the depository been subject to any litigation involving a participant during the past three years?

No, Other (please answer 87b)

87b. If other, please explain:

KDPW has not been subject to litigation by participants – however is subject to litigation involving clients of its former participant (a brokerage house) as a consequence of the participant's bankruptcy and related process of cash compensation distribution to investors. Assets for investor compensation are paid from the Investor Compensation Fund which is managed and controlled by KDPW, however the litigation process does not have any influence on the business activities of the depository. Investor claims might only have an effect on the assets of the Fund.

88. Has the depository realized revenues sufficient to cover expenses during the past three years? (Choose one.)

Yes for all three years

89. Does the depository maintain a reserve for operating losses?

No

90. Has the regulatory body with oversight responsibility for the depository issued public notice that the depository is not in current compliance with any capital, solvency, insurance or similar financial strength requirements imposed by such regulatory body?

No

90b. In the case of such a notice having been issued, has such notice been withdrawn, or, has the remedy of such noncompliance been publicly announced by the depository?

Other (please answer 90e)

90e. If other, please explain:

Not applicable

91. Does the depository have insurance to cover losses in the event of Default on settlement commitments by the depository or a participant?

No

92. Does the depository have Fidelity insurance (that is, insurance to cover loss of securities or money resulting, for example, from acts such as forgery, theft, fraud and/or employee dishonesty)?

Yes (please answer 92a)

92a. What is the amount of the coverage?

100 mln PLN (32.08 mln USD – USD/PLN – 3.12 the exchange rate at the end of the September 2013)

**92b. What is the amount of the deductible?**

100 000 PLN (32 082 USD – USD/PLN – 3.12 the exchange rate at the end of the September 2013)

**93. Does the depository have insurance for Operational Errors?**

Yes (please answer 93a)

**93a. What is the amount of the coverage?**

100 mln PLN (32.08 mln USD – USD/PLN – 3.12 the exchange rate at the end of the September 2013)

**93b. What is the amount of the deductible?**

100 000 PLN (32 082 USD – USD/PLN – 3.12 the exchange rate at the end of the September 2013)

**94. Does the depository have Errors and Omissions insurance?**

Yes (please answer 94a)

**94a. What is the amount of the coverage?**

100 mln PLN (32.08 mln USD – USD/PLN – 3,12 the exchange rate at the end of the September 2013)

**94b. What is the amount of the deductible?**

100 000 PLN (32 082 USD – USD/PLN – 3,12 the exchange rate at the end of the September 2013)

**95. Does the depository have insurance for the Premises?**

Yes (please answer 95a), Other (please answer 95c)

**95a. What is the amount of the coverage?**

-

**95b. What is the amount of the deductible?**

-

**95c. If other, please explain:**

The Depository has insurance for the disaster recovery site. The owner of the main premises building (Stock Exchange Centre S.A.) has the insurance for the building. KDPW has 21% stake in The Stock Exchange Centre S.A.

**96. Does the depository have any other insurance?**

Yes (please answer 96a)

**96a. If so, what is it for?**

There is an insurance for fire and other events, such as break-ins and theft, robbery and destruction, for all risks relating to fittings and portable equipment (laptop computers, portable telephones), property insurance in transit in Polish territory, civil liability as a result of managing offices.

96b. What is the amount of the coverage?

Full property insurance - reproduction value.

96c. What is the amount of the deductible?

-

97. Who is the insurance carrier? If more than one insurance carrier, please list each carrier here and provide your responses to questions 97a and 97b in corresponding order.

TUIR Warta S.A., Chartis Europe - Insurance companies

97a. Who is the insurance carrier's parent company, if applicable? (If inapplicable, simply type n/a.)

n/a

97b. What is the term of the policy?

-

97c. Who does the insurance cover? (Choose all that apply.)

Depository, Other (please answer 97d)

97d. If other, please identify:

KDPW\_CCP (its subsidiary)

98. If you feel that you would like to provide additional details on any of the given answers, feel free to provide any additional comments here (maximum of 5,000 characters) or prepare an additional document identifying the question(s) you are commenting on and upload the document under 98a:

98a. Upload document here:

## PUBLIC AVAILABILITY

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99. The AGC encourages respondents/depositories to make their answers to this questionnaire publicly available. Will you be making your response publicly available? (For additional guidance, please review the help feature to this question.)

Yes (please answer 99a)

99a. If yes, how will you be making it publicly available: (Choose all that apply.)

Web site (please answer 99b)

99b. Please provide web site address of publicly available questionnaire:

<http://www.kdpw.pl/en/kdpw/publications/Pages/Questionnaires.aspx>

Question 100 is new to the questionnaire this year.

100. Association members from time to time receive requests from their direct investor-clients for an informational copy of a depository's completed questionnaire. Such requests typically lead to interactions between personnel at the depository in question and member personnel or client personnel, or both. Those interactions take time and impose costs on both members and depositories.

Do you approve of Association members delivering a copy of your completed questionnaire to the member's direct client in response to the client's request?

Yes

You have reached the end of the questionnaire. Please be sure your contact details are updated. Your contact information is located in the first section of Part One within this questionnaire.

Please also be sure to print your responses and review them prior to changing Datasheet Progress to "Completed" under Part Two. (To print, select the printer friendly link at the top of the questionnaire.) When you are prepared to submit your answers, please return to Part One and Part Two of the questionnaire and change Datasheet Progress to "Completed". The members of The Association of Global Custodians thank you for your time and for your helpful response.

Please provide any comments you have regarding the questionnaire.