

WFC Single Disclosure Report 2016 - Version 1

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General information

1 Please indicate the full name of the responding institution: PFMI: Annex A - CSD disclosure template [CSD name] AGC: 0a Krajowy Depozyt Papierów Wartościowych S.A.
2 Registered address: PFMI: n/a AGC: 0c ul. Książęca 4 00-498 Warsaw
3 Country of registered address: PFMI: n/a AGC: 0d Poland
4 Official website of the respondent institution: PFMI: Annex A - CSD disclosure template [website] AGC: n/a www.kdpw.pl
5 The date of this disclosure is: PFMI: Annex A - CSD disclosure template [date] AGC: n/a 31/10/2016
6 The WFC, the AGC, CPMI and IOSCO encourage respondents to make their disclosure reports publicly available. Do you agree to make your response publicly available? PFMI: n/a AGC: 99 Yes, my response will be public, but only for my answers to AGC questions. [A2]
7 How will you be making your answers publicly available? [Website] Yes [Y]

8 This disclosure can also be found at the following web address(es):

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

9 First and Last Name of the contact person:

PFMI: Annex A - CSD disclosure template [contact details]

AGC: 99c

Anna Zielińska

10 Disclosure submission authorisation [I hereby certify that I am authorised to submit this disclosure report on behalf of my institution.]

Yes [Y]

11 Email address of the contact person:

PFMI: Annex A - CSD disclosure template [contact details]

AGC: 99h

anna.zielinska@kdpw.pl

12 Telephone number (please include the international country code):

PFMI: n/a

AGC: 99e

+48 22 5379582

13 How do you prefer to be contacted? [e-mail]

PFMI: n/a

AGC: 99d

Yes [Y]

14 Fax number

PFMI: n/a

AGC: 99f

+48 22 6273111

15 What is the preferred street address for mailing requests?

PFMI: n/a

AGC: 99g

ul. Książęca 4
00-498 Warsaw

24 filecount - Add relevant appendices for this group.

PFMI: n/a

AGC: n/a

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Legal Basis (PFMI Principle 1)

26 Under what regulation or statute is the CSD established and governed?

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

27 Is the regulation or statute electronically available?

PFMI: n/a

AGC: 7a

Yes [Y]

28 If regulation or statute is electronically available, please supply web address(es) here or upload document(s).

PFMI: n/a

AGC: 7b

The Act on Capital Market Supervision dated July 29th 2005 and the Act on Trading in Financial Instruments dated July 29th 2005 (Polish versions only) are available on the Polish Financial Supervision Authority website:

http://www.knf.gov.pl/en/regulations/Capital_Market/index.html

The Statute of KDPW (English version) is available on the KDPW website:

http://www.kdpw.pl/en/rules/Documents/2016/STATUT_18_09_15_EN.pdf

The Code of Commercial Companies (Polish version only) is available on the Parliament website:

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

29 filecount - Please supply document(s) here:

PFMI: n/a

AGC: 7c

0

42 filecount - Add relevant appendices for this group.

PFMI: n/a

AGC: n/a

0

Governance and ownership (PFMI Principle 2)

44 What type of legal entity is the institution? [Other]

PFMI: n/a

AGC: 3

joint stock compnay

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

Not for profit [A02]

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

PFMI: n/a

AGC: 5

33.3 % Warsaw Stock Exchange, 33.3 % National Bank of Poland (Central Bank), 33.3 % State Treasury

47 What is the date of establishment of the CSD?

PFMI: n/a

AGC: 6a

07/11/1994

48 What is the date that the CSD's operations began?

11/04/1991

49 Are participants required to contribute capital to the CSD that would result in ownership of the CSD?

No [A02]

58 What are the roles and responsibilities of the CSD's board of directors (or equivalent), and are they clearly specified? Please provide details of the structure and composition of your Board together with their industry experience and responsibilities in governing the CSD. What are the qualifications to become a board member?

PFMI: Q.2.3.1

AGC: 7d

The Polish legal system (Code of Commercial Companies) provides general requirements concerning members of corporate governing bodies. According to the Code, KDPW as a joint-stock company has a dual governance structure (so-called two-tier board system), with a supervisory and a 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 specific companies established pursuant to a separate act of law. The Act on Trading in Financial Instruments dated 29 July 2005 (as amended), on the basis of which the National Depository operates, includes no such provisions with respect to the supervisory and management board of a company. In such cases, qualification requirements to appoint a Board member are set by the shareholders.

60 What are the election procedures?

PFMI: Q.2.3.2

AGC: 7e

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, 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 the 5 days deadline.

61 What is the maximum length of time a board member can serve?

PFMI: Q.2.3.2

AGC: 7f

The term of a board member is set out in the Statute of KDPW. It amounts to three years constituting a joint term of office of the Board members. The rule concerns both the Supervisory Board and the Management Board of KDPW. The mandates of all Board members expire on the day of the Annual Meeting of Shareholders which approves the financial statements for the previous full financial year. 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 up to 5 years.

62 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.

64 What are the procedures established to review the performance of the board as a whole and the performance of the individual board members? Who is responsible for regulating the board members?

PFMI: Q.2.3.4
AGC: 7h

The Supervisory Board of KDPW S.A. supervises the activities of the Company by:

- 1) reviewing financial statements,
- 2) reviewing reports of the Management Board of KDPW S.A., as well as its recommendations on the division of profits or covering of losses,
- 3) appointing and dismissing, at the request of the President of the Management Board, the remaining members of the Management Board and setting their salary levels,
- 4) approving multi-annual and annual business plans of the Company presented by the Management Board,
- 5) approving multi-annual and annual financial plans of the Company presented by the Management Board.

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 KDPW, i.e. by shareholders acting as the General Meeting.

84 filecount - Add relevant appendices for this group.

PFMI: n/a
AGC: n/a

0

Comprehensive risk management (PFMI Principle 3)

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

No [A02]

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

Yes [A01]

90 Please define the standard of care applied:

PFMI: Q.3.1.1
AGC: 66*

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

109 filecount - Add relevant appendices for this group.

PFMI: n/a
AGC: n/a

0

Credit risk (PFMI Principle 4)

111 Does the CSD have a banking license?

PFMI: n/a
AGC: n/a

No [N]

120 Does the CSD have a guaranty fund independent of stock exchange or other market guarantees?

No [A02]

130 Does the CSD have insurance to cover losses in the event of Default on settlement commitments by the CSD or a participant?

No [A02]

134 Does the CSD accept liability (independent of any insurance coverage) for the following: Any direct damages or losses to participants caused by the CSD in its capacity as a central counterparty?

Not applicable [A03]

139 filecount - Add relevant appendices for this group.

PFMI: n/a
AGC: n/a

0

Collateral (PFMI Principle 5)

140 Summary narrative for PFMI Principle 5. Please provide a summary narrative disclosure with sufficient detail and context, as well as any other appropriate supplementary information, to enable readers to understand the CSD's approach to or method for observing the principle. Please use the following questions as guidance for the points of focus and level of detail it is expected to convey in the disclosure. Cross references to publicly available documents should be included, where relevant, to supplement the discussion.)

PFMI: Annex A - CSD disclosure template - IV.P5
AGC: 35c

KDPW holds collateral for automatic securities loans (cash, Treasury bonds traded on the regulated market in the territory of the Republic of Poland, shares participating in the WIG20 index) in co-ordination with KDPW_CCP. For tri-party repo transactions, KDPW keeps a register of collateral transferred between the parties (Treasury bonds traded on the regulated market in the territory of the Republic of Poland and cash – last to be allowed only for marking to market the value of the repo transaction).

157 filecount - Add relevant appendices for this group.

PFMI: n/a
AGC: n/a

0

Liquidity risk (PFMI Principle 7)

198 filecount - Add relevant appendices for this group.

0

Settlement finality (PFMI Principle 8)

199 filecount - Add relevant appendices for this group.

PFMI: n/a

AGC: n/a

0

Money settlements (PFMI Principle 9)

216 Who accepts cash deposits (or makes payment credit accommodations) for CSD transactions? [Banks appointed by CSD]

Yes [Y]

216 Who accepts cash deposits (or makes payment credit accommodations) for CSD transactions? [Other]

PFMI: Q.9.1.1

AGC: 31

For EUR - banks appointed by KDPW participants.

217 Please indicate the name of the banks appointed by the CSD

PFMI: Q.9.1.1

AGC: 31a

Banks which are KDPW participants:

BANK ZACHODNI WBK SA

BANK BPH SA

BNP PARIBAS SECURITIES SERVICES SKA ODDZIAŁ W POLSCE

BANK GOSPODARSTWA KRAJOWEGO

POWSZECHNA KASA OSZCZĘDNOŚCI BANK POLSKI SA

BANK BGŻ BNP PARIBAS SA

BANK MILLENNIUM SA

BANK HANDLOWY W WARSZAWIE SA

RAIFFEISEN BANK POLSKA SA

ING BANK ŚLĄSKI SA

SOCIETE GENERALE SA ODDZIAŁ W POLSCE

BANK POLSKA KASA OPIEKI SA

DEUTSCHE BANK POLSKA SA

MBANK SA

218 Who processes cash clearing (or draws on credit lines, if applicable) for CSD transactions? [CSD]

Yes [Y]

220 Who controls the movement of cash for cash deposits (or draws on credit lines, if applicable)? [Central Bank]

Yes [Y]

220 Who controls the movement of cash for cash deposits (or draws on credit lines, if applicable)? [Banks appointed by CSD]

Yes [Y]

221 Please name banks appointed by the CSD

PFMI: Q.9.1.1

AGC: 33a

Banks which are KDPW participants:

BANK ZACHODNI WBK SA

BANK BPH SA

BNP PARIBAS SECURITIES SERVICES SKA ODDZIAŁ W POLSCE

BANK GOSPODARSTWA KRAJOWEGO

POWSZECHNA KASA OSZCZĘDNOŚCI BANK POLSKI SA

BANK BGŻ BNP PARIBAS SA

BANK MILLENNIUM SA

BANK HANDLOWY W WARSZAWIE SA

RAIFFEISEN BANK POLSKA SA

ING BANK ŚLĄSKI SA

SOCIETE GENERALE SA ODDZIAŁ W POLSCE

BANK POLSKA KASA OPIEKI SA

DEUTSCHE BANK POLSKA SA

MBANK SA

222 Who controls the movement of cash for cash clearing (or for draws on credit lines, if applicable)? [CSD]

Yes [Y]

222 Who controls the movement of cash for cash clearing (or for draws on credit lines, if applicable)? [Banks appointed by CSD]

Yes [Y]

223 Please name banks appointed by CSD

PFMI: Q.9.1.1

AGC: 34a

Banks which are KDPW participants:

BANK ZACHODNI WBK SA

BANK BPH SA

BNP PARIBAS SECURITIES SERVICES SKA ODDZIAŁ W POLSCE

BANK GOSPODARSTWA KRAJOWEGO

POWSZECHNA KASA OSZCZĘDNOŚCI BANK POLSKI SA

BANK BGŻ BNP PARIBAS SA

BANK MILLENNIUM SA

BANK HANDLOWY W WARSZAWIE SA

RAIFFEISEN BANK POLSKA SA

ING BANK ŚLĄSKI SA

SOCIETE GENERALE SA ODDZIAŁ W POLSCE

BANK POLSKA KASA OPIEKI SA

DEUTSCHE BANK POLSKA SA

MBANK SA

233 filecount - Add relevant appendices for this group.

PFMI: n/a

AGC: n/a

0

Physical deliveries (PFMI Principle 10)

238 How are eligible securities lodged in the CSD system? [Other]
PFMI: Q.10.1.3 AGC: 57, 57a
Securities are lodged into the depository system on the basis of a securities registration agreement concluded by the issuer with KDPW. The issuer authorises a direct participant of KDPW to act in its name in the registration process. The process of registration is two-fold. First a settlement instruction is sent by KDPW enabling securities to be registered on the issue account and the authorised direct participant's account. Then the second phase of the registration is performed on the basis of matched settlement instructions delivered by the authorised direct participant and by participants on whose accounts the securities are to be registered. The global amount of securities of a given ISIN is registered in KDPW on a registration account called an "issue account" and next on participants' accounts managed by KDPW. On the basis of records made by KDPW, participants record securities on securities accounts and omnibus accounts in their own securities registration systems.
239 When are securities lodged into the CSD reflected in a participant's CSD account? [Securities are reflected in the participant's CSD account immediately upon delivery to the CSD.]
Yes [Y]
240 How long does it usually take to lodge securities with the CSD?
1 to 2 days [A01]
242 During the process of lodging securities into the CSD, can the securities be traded?
No [A02]
243 During the process of lodging securities into the CSD, can the securities be settled?
No [A02]
244 During the process of lodging securities into the CSD, can the securities have ownership transferred?
No [A02]
247 If ownership cannot be transferred, or if you answered other, please explain
PFMI: Q.10.1.3 AGC: 60e
The transfer is possible only after the securities are registered on the participants' and investors' securities accounts.
248 Are securities immediately available for delivery upon transfer to the CSD?
Yes [A01]
252 What transfer process steps are involved when eligible securities are withdrawn from the CSD for safekeeping?
Other [-oth-]
252 What transfer process steps are involved when eligible securities are withdrawn from the CSD for safekeeping? [Other]
PFMI: Q.10.1.3 AGC: 63, 63a
The withdrawal of securities from safekeeping takes place in the following cases: 1) termination of dematerialisation of securities - following the issuer's decision not to be a public company, on approval of the Polish FSA or 2) in case of redemption of debt securities - withdrawal upon the issuer's request, without the PFSA approval.

253 How long does it usually take to remove securities from the CSD?

3 days to 1 week [A02]

255 While the securities are being removed from the CSD, can they be traded? (Choose one)

Other [-oth-]

255 While the securities are being removed from the CSD, can they be traded? (Choose one) [Other]

PFMI: Q.10.1.3
AGC: 65a

During the proces of removal from the Depository, securities cannot be traded neither on the regulated nor on the ASO market, but they may be traded on the OTC market and on the basis of Civil Law agreements, until the last day prior to deregistration.

257 While the securities are being removed from the CSD, can they be settled? (Choose one)

Other [-oth-]

257 While the securities are being removed from the CSD, can they be settled? (Choose one) [Other]

PFMI: Q.10.1.3
AGC: 65c

Yes - only for trades concluded on the OTC market and on the basis of Civil Law agreements.

259 While the securities are being removed from the CSD, can they have ownership transferred? (Choose one)

Other [-oth-]

259 While the securities are being removed from the CSD, can they have ownership transferred? (Choose one) [Other]

PFMI: Q.10.1.3
AGC: 65e

Yes - only for trades concluded on the OTC market and on the basis of Civil Law agreements.

262 What are the vault security procedures for the safekeeping of physical paper? [Not applicable, no vault is maintained]

Yes [Y]

268 filecount - Add relevant appendices for this group.

PFMI: n/a
AGC: n/a

0

Central Securities Depositories (PFMI Principle 11)

270 CSD FUNCTIONALITY AND SERVICES, USE OF AGENTS. 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. For which of the following security types do you serve as a CSD or clearing system? [Government securities]

Yes [Y]

270 CSD FUNCTIONALITY AND SERVICES, USE OF AGENTS. 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. For which of the following security types do you serve as a CSD or clearing system? [Equities]

Yes [Y]

270 CSD FUNCTIONALITY AND SERVICES, USE OF AGENTS. 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. For which of the following security types do you serve as a CSD or clearing system? [Corporate bonds]

Yes [Y]

270 CSD FUNCTIONALITY AND SERVICES, USE OF AGENTS. 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. For which of the following security types do you serve as a CSD or clearing system? [Corporate money market]

Yes [Y]

270 CSD FUNCTIONALITY AND SERVICES, USE OF AGENTS. 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. For which of the following security types do you serve as a CSD or clearing system? [Other]

PFMI: n/a

AGC: 26

see p. 271

271 Please name the other security types:

PFMI: n/a

AGC: 26a.

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, subscription rights, option warrants, subscription warrants. Other financial instruments - options, futures contracts, index participation units.

272 Is the use of the CSD 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). [Yes by law for settlement of all instrument types]

Yes [Y]

272 Is the use of the CSD 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). [Yes by law for safekeeping of all instrument types]

Yes [Y]

273 Please list the instrument types for which it is not compulsory by law to: (i) settle in your CSD

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

274 (ii) safekeep in your CSD:

PFMI: n/a
AGC: 27a. (ii)

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

275 Please list the instrument types for which it is not compulsory by market practice to: (i) settle in your CSD

PFMI: n/a
AGC: 27b. (i)

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

276 (ii) safekeep in your CSD:

PFMI: n/a
AGC: 27b. (ii)

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

277 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.

PFMI: n/a
AGC: 28 28a

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

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

PFMI: n/a
AGC: 28b.

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

280 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: By the participant's clients?

Yes [A01]

281 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 accessing securities they own which are registered on the client's 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) the 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 this action), 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 an indirect participant in case of suspension or cancellation of participation for a direct participant conducting activity for the latter. Even in this situation a client may open an account with another participant and transfer his securities to that account, which gives him an access to these securities.

282 By the intervening authorities controlling insolvency or other proceedings?

No [A02]

284 By the participant's creditors?

No [A02]

286 By the CSD's creditors?

No [A02]

288 What is your document and record retention policy for documents and records described above in this section?

5 years [A04]

289 Does the law protect participant assets from claims and liabilities of the CSD?

Yes [A01]

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

Yes [A01]

291 If yes, for what reasons are liens or similar claims imposed? [Other]

PFMI: Q.11.1.1
AGC: 55a
see 292

292 Please describe:

PFMI: Q.11.1.1
AGC: 55b

The securities on the participant's proprietary account, which are marked as available for collateral purposes, 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.

293 Please indicate the limits of this lien as indicated below:

The lien is limited to securities in the participant's proprietary account [A01]

302 Transfer of Legal Ownership. Does the CSD have legal authority to transfer title to securities?

Yes [A01]

303 When does title or entitlement to CSD securities pass between participants?

Other [-oth-]

303 When does title or entitlement to CSD securities pass between participants? [Other]

PFMI: Q.11.1.1

AGC: 56a

See p. 304.

304 Please describe:

PFMI: Q.11.1.1

AGC: 56b

The title to depository securities passes in the moment of booking these securities on securities accounts (i.e. end-investor accounts) kept by KDPW participants. Entries in these accounts arising from transactions shall be made on the basis of documents proving settlement of these transactions in KDPW.

308 In what form does the CSD maintain records identifying the assets of each participant? [Computer file]

Yes [Y]

309 In which format is the source data maintained?

PFMI: Q.11.1.2

AGC: 45b

Internal IBM System i format.

314 If the securities held with the CSD 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 CSD (e.g., authentication procedures, reconciliation, confirmation of position at registrar)? Please describe:

PFMI: Q.11.1.6

AGC: 52i

Not applicable.

317 How are CSD eligible securities held by the CSD? [In dematerialized form]

Yes [Y]

319 If CSD eligible securities are certificated, can CSD eligible securities be held outside of the CSD?

Not applicable [A05]

327 If securities are dematerialized: May dematerialized security positions be re-certificated and held outside the CSD?

Yes [A01]

328 Are the securities held: [Through book-entry at the CSD]

Yes [Y]

337 Does the CSD accept liability (independent of any insurance coverage) for the following: Reconciliation errors with the registrar and/or the issuer that result in direct damages or losses to participants?

Yes [A03]

338 If yes, please check all of the following that apply: [The CSD assumes liability for direct losses]

Yes [Y]

339 Theft of securities (either physical certificate or electronically from accounts at the CSD) from the CSD that results in direct damages or losses to participants?

Yes [A02]

340 If yes, please check all of the following that apply: [The CSD assumes liability for direct losses]

Yes [Y]

341 Failure of the CSD's systems that result in direct damages or losses to participants because they cannot use either securities or funds?

Yes [A02]

342 If yes, please check all of the following that apply: [The CSD assumes liability for direct losses]

Yes [Y]

346 Is the CSD immune from legal action in its own jurisdiction?

Other [-oth-]

346 Is the CSD immune from legal action in its own jurisdiction? [Other]

PFMI: Q.11.4.2

AGC: 68

According to Art. 6 p. 4 of the Bankruptcy and Restitution Law a legal entity which has been established on the basis of provisions of an Act of Parliament cannot be declared bankrupt. KDPW is such a legal entity.

348 Does the CSD 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 [A01]

349 What is the amount of the coverage?

PFMI: Q.11.4.3

AGC: 92a.

100 mln PLN (26 mln USD – USD/PLN 3,86 at the end of September 2016)

350 What is the amount of the deductible?

PFMI: Q.11.4.3

AGC: 92b.

100 000 PLN (26 000 USD – USD/PLN 3,86 at the end of September 2016)

351 Does the CSD have insurance for Operational Errors?

Yes [A01]

352 What is the amount of the coverage?

PFMI: Q.11.4.3

AGC: 93a.

100 mln PLN (26 mln USD – USD/PLN 3,86 at the end of September 2016)

353 What is the amount of the deductible?
250 000 - 300 000 PLN (65 000 - 78 000 USD – USD/PLN 3,86 at the end of September 2016)
354 Does the CSD have Errors and Omissions insurance?
Yes [A01]
355 What is the amount of the coverage?
PFMI: Q.11.4.3 AGC: 94a.
100 mln PLN (26 mln USD – USD/PLN 3,86 at the end of September 2016)
356 What is the amount of the deductible?
PFMI: Q.11.4.3 AGC: 94b.
250 000 - 300 000 PLN (65 000 - 78 000 USD – USD/PLN 3,86 at the end of September 2016)
357 Does the CSD have insurance for the Premises?
Other [-oth-]
357 Does the CSD have insurance for the Premises? [Other]
PFMI: Q.11.4.3 AGC: 95
KDPW has insurance for the disaster recovery site. The owner of the main premises building (Stock Exchange Centre SA) holds the insurance for the building. KDPW has a 21% stake in the Stock Exchange Centre SA.
360 Does the CSD have any other insurance?
Yes [A01]
361 If so, what is it for?
PFMI: Q.11.4.3 AGC: 96a.
There is 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.
362 What is the amount of the coverage?
PFMI: Q.11.4.3 AGC: 96b.
Full property insurance - reproduction value.
364 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.
PFMI: Q.11.4.3 AGC: 97
AIG Europe Limited - operational risk insurance, PZU S.A - other insurance agreements
366 What is the term of the policy?
PFMI: Q.11.4.3 AGC: 97b.
1 year

367 Who does the insurance cover? [CSD]

Yes [Y]

367 Who does the insurance cover? [Other]

PFMI: Q.11.4.3

AGC: 97c, 97d

KDPW_CCP (KDPW's subsidiary)

369 filecount - Upload document here:

PFMI: Q.11.4.3

AGC: 98a.

0

374 Please explain (then please answer 67f):

PFMI: Q.11.4.3

AGC: 67e.

KDPW holds an insurance agreement to cover specific fraud relating to KDPW-owned financial instruments, financial instruments registered on KDPW accounts and KDPW managed accounts, or where KDPW holds 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).

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

PFMI: Q.11.4.3

AGC: 67f.

not applicable

376 Acknowledgement of liability for losses caused by CSD's own actions.

Yes [A01]

377 Please explain (then please answer 67i):

PFMI: Q.11.4.3

AGC: 67h.

see 374

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

PFMI: Q.11.4.3

AGC: 67i.

not applicable

379 Other

PFMI: Q.11.4.3

AGC: 67j.

Yes [Y]

380 Please explain (then please answer 67l):

KDPW has a dedicated Corporate Security Department, which prepares policy, methodologies, procedures and tools to manage any kind of operational and legal risks, inter alia, resulting in a loss of assets registered in the KDPW depository system. However, rights to securities arise as a result of entries on securities accounts, which are in effect carried out by the participants themselves. The aggregated amounts of assets kept on securities accounts with participants are equal to the balances on depository accounts in KDPW. The reconciliation process at the end of each day allows to identify any discrepancies between KDPW's depository accounts and participants' aggregated accounts and take any action to resolve them. Moreover, operational risk management and monitoring systems have strict procedures to deal with any kind of incidents that can occur in the KDPW processes and address ways how to cope with them. In case of direct material loss of a participant due to KDPW's own fault, the insurance policy might be activated to cover the loss. In addition, the assets of investors kept on securities accounts with participants 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.

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

PFMI: Q.11.4.3
AGC: 67l.

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

383 Are participants permitted to maintain more than one account at the CSD?

Yes [A01]

388 If yes, is segregation required or simply permitted?

Required [A01]

389 How does segregation occur? [By separately designated participant accounts.]

Yes [Y]

390 Does the CSD permit its participants to open accounts in the participant's own nominee name(s)?

Other [-oth-]

390 Does the CSD permit its participants to open accounts in the participant's own nominee name(s)? [Other]

PFMI: Q.11.5.2
AGC: 43, 43b

The Polish Securities Law allows for opening omnibus accounts, operated by KDPW participants or by KDPW, for their foreign clients. They are opened in the name of the participant's clients, not in the participant's own nominee name.

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

PFMI: Q.11.5.2
AGC: 53

Yes [Y]

393 Does the CSD provide services other than central safekeeping and administration of securities and settlement? If so, what services?

PFMI: Q.11.6.1
AGC: n/a

Yes - see 394.

394 Please indicate services you provide. [Own list or: AGC: Information in advance on corporate (annual or special) meetings in order that owners can vote.]

Yes [Y]

394 Please indicate services you provide. [Tax assistance where foreign holders may be entitled to tax relief at source or through a claim.]

Yes [Y]

394 Please indicate services you provide. [In order to avoid fails, an automatic securities lending facility - if requested - is provided for.]

Yes [Y]

394 Please indicate services you provide. [Collateral handling in support of activities including securities lending, overdraft coverage, cash management, repurchase agreements, etc.]

Yes [Y]

394 Please indicate services you provide. [Same day turnaround settlements.]

Yes [Y]

394 Please indicate services you provide. [Information on distribution of new issues (IPO, Privatization).]

Yes [Y]

394 Please indicate services you provide. [Other]

PFMI: Q.11.6.1
AGC: 35

Other services: Statutory services: (1) settlement of transactions conducted on the regulated and non-regulated markets; (2) automated pre-matching service for OTC settlement instructions; (3) hold-release mechanism which allows management of instructions sent for settlement; (4) Corporate Action processing: organising and co-ordinating the performance of issuers' obligations for securities owners, supporting information on both optional and mandatory events, providing an auto-compensation service for losing cash benefits from securities for non-defaulting party with a cum dividend entitlement benefit, acting as an intermediary in processing GMs (providing a list of shareholders authorised to attend the GM with an interface (web application) for issuer to pass on information related to the GMs); Commercial services: (5) voluntary partial settlement functionality: allows to optimise the volume of settled transactions outside of the organised markets, part of each DVP batch settlement, (6) negotiated securities lending & borrowing service organized in cooperation with KDPW_CCP: voluntary service, intermediation in SLB agreements conclusion, fixed- or open-term securities loans available, settlement of loan for both opening and closing (return/recall) phase on a DvP basis with CCP guarantees for the closing phase, initial cash collateral transfer to the lender, daily mark-to-market of the initial cash collateral, managing loan throughout the loan's lifecycle, including returns, recalls, remuneration for the lent securities as well as provided cash collateral, market claims compensation in case of CAs on lent securities, (7) tri-party repo agent service: voluntary service, selecting and providing securities for collateral, daily marking to market, notifying the present value of the repo agreement and providing the compensation service due to the cash entitlements occurred for securities transferred as collateral. (8) trade repository service for reporting derivatives trades under the provisions of EMIR, (9) numbering agency service (ISIN, CFI, FISIN and LEI), (10) asset management; Complementary services: (11) organising and managing the Pension Guarantee Fund, (12) processing of transfer payments between open-ended pension funds, (13) managing the mandatory Investor Compensation Scheme in order to pool resources for the payment of compensation to investors who have lost their assets (cash and financial instruments) following the insolvency of their securities account provider.

395 Automatic securities lending facility is provided for: [Brokers]

Yes [Y]

395 Automatic securities lending facility is provided for: [Banks]

Yes [Y]

395 Automatic securities lending facility is provided for: [Other]

PFMI: Q.11.6.1

AGC: 35a

The service is provided for banks and brokers who are direct participants of 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.

396 If collateral handling, please provide details

PFMI: Q.11.6.1

AGC: 35c

KDPW holds collateral for:

- automatic securities loans (cash, Treasury bonds traded on the regulated market in Poland, shares participating in the WIG20 index) in co-ordination with KDPW_CCP.
- tri-party repo transactions (Treasury bonds traded on the regulated market in Poland and cash – last to be allowed only for marking to market the value of the repo transaction),
- KDPW_CCP holds on depository accounts in KDPW the collateral for initial margins and clearing funds of its participants resulting from trades executed on regulated and alternative markets,
- a negotiated securities lending & borrowing service for which initial margin and guarantee fund are kept for KDPW_CCP,
- participants keep collateral to pledge intra-day technical credit granted by the National Central Bank,
- securities are also blocked on depository accounts under pledge: (1) for the collateralisation of refundable financial aid granted by the Bank Guarantee Fund, (2) for the collateralisation of refinancing Lombard credit granted by the National Bank of Poland; (3) in favour of the Council of Europe Development Bank, European Investment Bank.

398 What procedures are in place for the processing of corporate action entitlements? [Credited to the securities account upon actual receipt by the CSD.]

Yes [Y]

401 What procedures are in place for the processing of interest and dividends? [Credited to the cash account upon actual receipt by the CSD.]

Yes [Y]

405 filecount - Add relevant appendices for this group.

PFMI: n/a

AGC: n/a

0

Exchange-of-value settlement systems (PFMI Principle 12)

408 Does the CSD guaranty settlement?

Other [-oth-]

408 Does the CSD guaranty settlement? [Other]

There is no settlement guarantee provided by the CSD. Clearing guarantee is accomplished by KDPW_CCP (wholly owned by KDPW, EMIR compliant), which clears transactions executed in cash and derivatives, on- and off-exchange markets.

411 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. [Model1]

Yes [Y]

411 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. [Model2]

Yes [Y]

411 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. [Model3]

Yes [Y]

412 Please briefly describe your settlement process, including how do your settlement procedures vary from the model chosen above?

PFMI: Q.12.1.3

AGC: 48a

Model 1 (gross settlement of both securities and cash) is applicable to the settlement of transactions in RTGS. Model 2 (gross settlement of securities with net settlement of cash via central bank) is applicable to the settlement in the batch system. Model 3 (net settlement of both securities and cash) is applicable to the settlement in the batch system for all guaranteed market transactions. The securities netting process is performed following novation in KDPW_CCP. At the end of the day (T), settlement instructions are sent to KDPW for T+2 settlements. Securities netting is an optional service. There are two options of securities netting functionality, full netting or directional netting (for each clearing account the securities settlement method may be chosen separately). The full netting method means one net settlement instruction for each clearing position, in directional netting two net settlement instructions are generated, respectively, for the buy and the sell clearing positions.

415 Are the cash and security movements simultaneous?

Yes [A01]

417 filecount - Add relevant appendices for this group.

PFMI: n/a

AGC: n/a

0

Participant default rules and procedures (PFMI Principle 13)

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

No [A02]

423 Does the stock exchange have default protections that extend to the CSD, such as the following? [No]

Yes [Y]

423 Does the stock exchange have default protections that extend to the CSD, such as the following? [Other]

see 424

424 Please explain:

PFMI: Q.13.1.2

AGC: 80a

KDPW_CCP maintains a guarantee system for stock exchange and the alternative trading platform transactions (excluding block trade transactions) and also for OTC derivatives market transactions.

427 Participant Default Protections Resulting from a Participant Failure. If a participant defaults, how is the loss covered? (Choose all that apply?) [Other]

PFMI: Q.13.1.4

AGC: 76, 76d

KDPW_CCP, a subsidiary of KDPW, operates a guaranty system covering the losses of clearing members, represented by settlement agents in KDPW. KDPW_CCP uses a range of mechanisms, which reduce the risk of counterparty default on a systemic basis. The sequence of activating the resources of the clearing guarantee system is as follows: 1) the defaulting clearing member's credits; 2) the defaulting clearing member's margins (initial margin, maintenance margin, additional margin); 3) default/guarantee fund – the defaulting clearing member's contribution; 4) KDPW_CCP dedicated capital in the amount corresponding to at least 25% of the capital requirements; 5) basic contributions of KDPW_CCP's non-defaulting members to the guarantee fund ; 6) KDPW_CCP own capital up to the level of 100% of the required capital; 7) additional contributions of KDPW_CCP's non-defaulting members to the guarantee fund capped at the level of the 50 original payments as per the latest calculation; 8) the remaining capital of KDPW_CCP.

430 Please explain:

PFMI: Q.13.1.4

AGC: 76d

Loss-sharing is used in further stages of the KDPW_CCP's default waterfall procedures, when basic contributions to the settlement guarantee fund of KDPW_CCP's non-defaulting members are used, and further, when additional contributions of KDPW_CCP's non-defaulting members capped at the level of the 50 original payments as per the latest calculation are demanded.

438 filecount - Add relevant appendices for this group.

PFMI: n/a

AGC: n/a

0

General business risk (PFMI Principle 15)

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

PFMI: Q.17.2.3

AGC: 15

Yes [Y]

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

PFMI: n/a

AGC: 15a.

Ernst & Young Audyt Polska Sp. z o. o. Tax audits are performed by the Fiscal Audit Office, ISM Modzelewski i wspolnicy sp. z o.o.

442 Please list the date of your last financial audit performed by an Audit Firm, Regulatory Authority, or other external party:
23/02/2016
443 Please list the period that the audit covered: [Start date]
01/01/2015
443 Please list the period that the audit covered: [End date]
PFMI: n/a AGC: 15c. 31/12/2015
444 How frequently does the financial audit occur?
PFMI: n/a AGC: 15d. Annually [A02]
446 Please select the statement that most accurately characterizes the results of the last financial audit:
PFMI: n/a AGC: 15g. No material exceptions found. [A01]
448 Has there been any material loss by the CSD during the past three years?
No [A02]
450 Has the CSD been subject to any litigation involving a participant during the past three years?
No [A02]
452 Has the CSD realized revenues sufficient to cover expenses during the past three years?
Yes for all three years [A01]
453 Has any participant suffered any losses in the past three years due to the CSD's performance?
No [A02]
468 Does the CSD maintain a reserve for operating losses?
No [A02]
482 filecount - Add relevant appendices for this group.
PFMI: n/a AGC: n/a 0

Custody risk (PFMI Principle 16)

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

There are no securities held outside the CSD.

503 filecount - Add relevant appendices for this group.

PFMI: n/a

AGC: n/a

0

Operational risk (PFMI Principle 17)

514 Internal Audit. Is an internal audit undertaken in your CSD?

PFMI: Q.17.2.3

AGC: 14

Yes [Y]

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

PFMI: Q.17.2.3

AGC: 14a.

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

516 Please list the date of your last internal audit and the period that the audit covered: [Start date]

18/07/2016

516 Please list the date of your last internal audit and the period that the audit covered: [End date]

29/07/2016

517 How frequently does the internal audit occur?

PFMI: Q.17.2.3

AGC: 14c.

Two or more times a year [A01]

519 Are the results of the internal audit publicly available?

PFMI: Q.17.2.3

AGC: 14e.

No [N]

520 Please select the statement that most accurately characterizes the results of the last internal audit:

PFMI: Q.17.2.3

AGC: 14f.

No material exceptions found. [A01]

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

PFMI: Q.17.2.4

AGC: 16

Yes [Y]

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

The Polish Financial Supervision Authority (PFSA)

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

PFMI: Q.17.2.4

AGC: 16b.

15/06/2010

526 Please list the period that the audit covered: [Start date]

02/01/2007

526 Please list the period that the audit covered: [End date]

PFMI: Q.17.2.4

AGC: 16c.

31/12/2009

527 How frequently does the operational audit occur?

PFMI: Q.17.2.4

AGC: 16d.

Less than annually [A03]

528 If less than annually, please explain:

PFMI: Q.17.2.4

AGC: 16e.

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

529 Please select the statement that most accurately characterizes the results of the last operational audit:

PFMI: Q.17.2.4

AGC: 16g.

No material exceptions found. [A01]

537 How is access to the physical building controlled? [By guards]

Yes [Y]

537 How is access to the physical building controlled? [By electronic keys]

Yes [Y]

537 How is access to the physical building controlled? [personal ID card]

Yes [Y]

537 How is access to the physical building controlled? [By alarm system]

Yes [Y]

541 Regarding data security: Are passwords used by participants to access their accounts?

Other [-oth-]

541 Regarding data security: Are passwords used by participants to access their accounts? [Other]

Participants have access to the Electronic System for Distribution of Information (ESDI/WEB) or the Electronic System for Message Distribution (ESDK). Data security is based mainly on individual cryptographic keys.
ESDI/WEB: when we enter to ESDI/WEB through website www.kdpw.pl, we have to enter login and password, and in the next step, select the appropriate certificate. When we enter directly (https://esdi.kdpw.pl), we have to select the appropriate certificate.
ESDK as system to system communication solution doesn't provide any user interface. Security such as authentication and data encryption is based on specific MQ digital certificate.

542 Does each user have a unique user ID?

Yes [A01]

543 Are passwords regularly changed?

Other [-oth-]

543 Are passwords regularly changed? [Other]

PFMI: Q.17.5.3

AGC: 71e.

No, Individual cryptographic keys are changed every 2 years.

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

Other [-oth-]

545 Is there a user lock-out after a pre-set number of unsuccessful User ID attempts? [Other]

PFMI: Q.17.5.3

AGC: 71h.

Yes, after 5 unsuccessful attempts (login/password).

No, when certificate is used directly.

550 How quickly can the main system be reactivated in the event of an outage?

1 - 4 hours [A01]

553 Will the CSD publicly announce any system interruption?

Yes [A01]

554 To whom will the CSD disclose any system interruptions? [To the CSD regulators]

Yes [Y]

554 To whom will the CSD disclose any system interruptions? [To all direct participants]

Yes [Y]

558 How will the CSD disclose any system interruptions? [Other]

PFMI: Q.17.6.4

AGC: 84e.

Electronic System for Distribution of Information (ESDI/WEB), fax

559 Please explain:

PFMI: Q.17.6.4

AGC: 84f.

Electronic System for Distribution of Information (ESDI/WEB), fax

561 If a back-up system exists, how quickly can the back-up system be activated in the event of the main system failing?

1 - 4 hours [A01]

565 BUSINESS RECOVERY PLAN. This section is intended to identify key aspects of the CSD'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. Do you have a formal business recovery plan?

PFMI: Q.17.6.8

AGC: 81

Yes [Y]

566 Does your Business Recovery Plan include: [Back-up of all computer files]

Yes [Y]

566 Does your Business Recovery Plan include: [Off-site data storage]

Yes [Y]

566 Does your Business Recovery Plan include: [Back-up files stored and locked]

Yes [Y]

566 Does your Business Recovery Plan include: [Off-site operations facility]

Yes [Y]

566 Does your Business Recovery Plan include: [Other]

PFMI: Q.17.6.8

AGC: 81a, 81h.

On-line data replication

567 Please identify both the frequency and the last date of testing for the following third party: CSD participants/members

PFMI: Q.17.6.8

AGC: 81b.

at last once a year; the last date of testing: 15.10.2016

568 Please identify both the frequency and the last date of testing for the following third party: Stock exchange

PFMI: Q.17.6.8

AGC: 81c.

at last once a year; the last date of testing: 15.10.2016

569 Please identify both the frequency and the last date of testing for the following third party: Central bank

PFMI: Q.17.6.8

AGC: 81d.

at last once a year; the last date of testing: 15.10.2016

570 Please identify both the frequency and the last date of testing for the following third party: Local brokers

PFMI: Q.17.6.8

AGC: 81e.

at last once a year; the last date of testing: 15.10.2016

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

Yes [A01]

573 If yes, how much time was needed to implement the recovery plan?

PFMI: Q.17.6.8

AGC: 85a.

1 - 2 hours [A02]

574 How much time was needed to recover and restore business to normal operations?

PFMI: Q.17.6.8

AGC: 85b.

1 - 4 hours [A01]

575 What was the impact to the market? [All securities settlements took place as scheduled on the same day with good value]

Yes [Y]

575 What was the impact to the market? [All cash settlements took place as scheduled on the same day with good value]

Yes [Y]

579 Please explain

PFMI: Q.17.7.1

AGC: 39a

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

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

yes

584 filecount - Add relevant appendices for this group.

PFMI: n/a

AGC: n/a

0

Access and participation requirements (PFMI Principle 18)

587 Are prospective participants subject to an initial review and approval process regarding compliance with eligibility requirements?

Yes [A01]

591 What governs the relationship between the CSD and the participants? [Relevant law and regulation]

Yes [Y]

591 What governs the relationship between the CSD and the participants? [Established terms and conditions of participation]

Yes [Y]

591 What governs the relationship between the CSD and the participants? [Rules of the CSD]

Yes [Y]

591 What governs the relationship between the CSD and the participants? [Not applicable]

Yes [Y]

594 PARTICIPANTS AND PARTICIPATION. The purpose of this section is to understand issues relating to participation in the CSD, including eligibility requirements, conditions of participation, and supervision of participants. What types of entities are eligible to become participants and how many of each type are there currently? [Banks]

Yes [Y]

594 PARTICIPANTS AND PARTICIPATION. The purpose of this section is to understand issues relating to participation in the CSD, including eligibility requirements, conditions of participation, and supervision of participants. What types of entities are eligible to become participants and how many of each type are there currently? [Brokers]

Yes [Y]

594 PARTICIPANTS AND PARTICIPATION. The purpose of this section is to understand issues relating to participation in the CSD, including eligibility requirements, conditions of participation, and supervision of participants. What types of entities are eligible to become participants and how many of each type are there currently? [Foreign Institutions]

Yes [Y]

594 PARTICIPANTS AND PARTICIPATION. The purpose of this section is to understand issues relating to participation in the CSD, including eligibility requirements, conditions of participation, and supervision of participants. What types of entities are eligible to become participants and how many of each type are there currently? [Other]

PFMI: Q.18.2.3

AGC: 17

Depositors (financial institutions), Clearing house (KDPW_CCP), Central securities depository (KDPW), Ministry of Finance; Bank Guarantee Fund, Central Bank (National Bank of Poland)

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

PFMI: Q.18.2.3

AGC: 17a.

14

596 Please select the features included in the eligibility requirements for Banks. [Regulatory Oversight]

Yes [Y]

596 Please select the features included in the eligibility requirements for Banks. [Other]

PFMI: Q.18.2.3

AGC: 17b, 17d

see 597

597 Please explain:

PFMI: Q.18.2.3

AGC: 17d.

Material and technical requirements

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

29

599 Please select the features included in the eligibility requirements for Brokers. [Regulatory Oversight]

Yes [Y]

599 Please select the features included in the eligibility requirements for Brokers. [Other]

PFMI: Q.18.2.3

AGC: 17f, 17h

Material and technical requirements

602 How many Foreign Institution participants are there currently?

PFMI: Q.18.2.3

AGC: 17m.

2

603 Please select the features included in the eligibility requirements for Foreign Institution participants. [Regulatory Oversight]

Yes [Y]

603 Please select the features included in the eligibility requirements for Foreign Institution participants. [Other]

PFMI: Q.18.2.3

AGC: 17n.

Material and technical requirements

604 If you have selected "Other entities" above, please explain:

PFMI: Q.18.2.3

AGC: 17q.

Brokerage offices and banks, as well as other entities: clearing houses (KDPW_CCP), central securities depositories (KDPW); Bank Guarantee Fund, Central Bank (National Bank of Poland), may participate in the KDPW system as depositors - participants who do not keep securities accounts, however perform activities involving the execution of securities purchase or sale orders on behalf of clients, and entrust KDPW with the management of securities accounts for their own securities.

605 Indicate how many "Other entities" are currently participants?

PFMI: Q.18.2.3

AGC: 17r.

35

606 Please select the features included in the eligibility requirements for the participants referred to above as "Other entities". [Regulatory Oversight]

Yes [Y]

606 Please select the features included in the eligibility requirements for the participants referred to above as "Other entities". [Other]

PFMI: Q.18.2.3

AGC: 17s, 17u

Material and technical requirements.

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

Act on Trading in Financial Instruments, KDPW Rules

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

PFMI: Q.18.2.5

AGC: 17t.

KDPW Rules

614 How does the CSD notify participants of material changes to the conditions of participation? [By public announcement]

Yes [Y]

614 How does the CSD notify participants of material changes to the conditions of participation? [Other]

PFMI: Q.18.2.5

AGC: 22

see 615

615 Please explain:

PFMI: Q.18.2.5

AGC: 22a.

Electronic information system: ESDI/WEB (Electronic System for Distribution of Information)

617 Who enforces compliance with the CSD's conditions of participation? [The CSD]

Yes [Y]

617 Who enforces compliance with the CSD's conditions of participation? [The CSD's regulator]

Yes [Y]

619 Does the CSD have forms of oversight management for assessing and monitoring of the following? [Participant eligibility requirements]

Yes [Y]

619 Does the CSD have forms of oversight management for assessing and monitoring of the following? [Participant volumes]

Yes [Y]

619 Does the CSD have forms of oversight management for assessing and monitoring of the following? [Settlement controls that minimize or eliminate the risk of default by a participant]

Yes [Y]

623 What type or types of settlement controls [Simultaneous DVP]

Yes [Y]

623 What type or types of settlement controls [Other]

PFMI: Q.18.3.1

AGC: 79d.

see 627

626 Please explain:

Simultaneous DVP - settlement of securities is effected after the confirmation of cash settlement in the central bank.

627 Please identify and explain:

PFMI: Q.18.3.1

AGC: 79h

Additional settlement controls: (1) automated reconciliation process between KDPW and participants: securities transfers are reconciled with direct participants immediately upon receipt of settlement confirmation from KDPW, total issue balances are checked against holdings on participants accounts at KDPW on a daily basis. Any unreconciled item must be posted on a special account and it is reported to KDPW on a daily basis. Each participant is obliged to take necessary steps to resolve the issue immediately. (2) In case of differences between KDPW and participant's records, a written explanation is required. KDPW may perform inspections at participant premises and can impose particular obligations or sanctions on its participants.

631 What enforcement actions are available to the enforcement authority? [Fines]

Yes [Y]

631 What enforcement actions are available to the enforcement authority? [Restrictions on participation]

Yes [Y]

631 What enforcement actions are available to the enforcement authority? [Suspension of participation]

Yes [Y]

631 What enforcement actions are available to the enforcement authority? [Termination of participation]

Yes [Y]

631 What enforcement actions are available to the enforcement authority? [Other]

PFMI: Q.18.3.3

AGC: 24

see 632

632 Please explain:

PFMI: Q.18.3.3

AGC: 24a

The CSD may caution a participant.

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

PFMI: Q.18.3.3

AGC: 25

Yes [Y]

634 If yes, please explain, including information relative to any suspensions of CSD participants:

PFMI: Q.18.3.3

AGC: 25a.

During the past 3 years the following disciplinary measures have been applied vis-a-vis 2 participants:
- a suspension of participation following the PFSA's withdrawing permission for performing brokerage activities by the participant, caused by the contravention of financial requirements;
- a caution resulting from the contravention of the securities book keeping rules; afterwards, the same participant had a deadline set (preceding the fine) to fulfil the obligation to employ persons who have the special knowledge and experience or qualifications to run the securities book keeping system.

636 filecount - Add relevant appendices for this group.

0

Tiered participation (PFMI Principle 19)

647 filecount - Add relevant appendices for this group.

PFMI: n/a

AGC: n/a

0

Links (PFMI Principle 20)

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

PFMI: Q.20.1.2

AGC: 38

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

664 filecount - Add relevant appendices for this group.

PFMI: n/a

AGC: n/a

0

Efficiency and effectiveness (PFMI Principle 21)

673 filecount - Add relevant appendices for this group.

PFMI: n/a

AGC: n/a

0

Communication (PFMI Principle 22)

676 Security Control. How do participants receive information (view actual settlement of trades, movement of securities on their accounts, etc.) and see the status of their accounts? [By direct electronic link]

Yes [Y]

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

Yes [A01]

679 How is access given to participants? [By direct electronic link]

Yes [Y]

680 Please select type of electronic link: [Secured, leased, dedicated telephone line]

Yes [Y]

680 Please select type of electronic link: [Internet]

Yes [Y]

681 Please explain:

PFMI: Q.22.1.1

AGC: 70c.

Participants can use the message communication system: ESDI/WEB (Electronic System of the Information Distribution) or ESDK (Electronic System of the Messages Distribution).

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

Yes [A01]

683 Please explain:

PFMI: Q.22.1.1

AGC: 72a

Secured linkages are provided to: Warsaw Stock Exchange, National Bank of Poland, Polish Financial Supervision Authority, BondSpot S.A.

684 How does the CSD communicate with Stock Exchanges? [Internet]

Yes [Y]

685 How does the CSD communicate with Payment Systems? [Other]

PFMI: Q.22.1.1

AGC: 73b

The central bank payment system - SWIFT, the commercial bank system (for currencies other than PLN and EUR) - internet.

686 How does the CSD communicate with Clearing Houses? [Other]

PFMI: Q.22.1.1

AGC: 73c

The KDPW_CCP system is operated by KDPW.

687 How does the CSD communicate with Registrars? [Not applicable]

Yes [Y]

692 filecount - Add relevant appendices for this group.

PFMI: n/a

AGC: n/a

0

Transparency and disclosure (PFMI Principle 23)

712 Capital. Are annual financial statements publicly disclosed?

Yes [A01]

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

PFMI: Q.23.5.3

AGC: 13a.

Yes [Y]

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

PFMI: Q.23.5.3

AGC: 13b.

0

715 filecount - If more than one document for 13b, please upload the additional document here:

PFMI: Q.23.5.3

AGC: 13c.

0

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

PFMI: Q.23.5.3

AGC: 13d.

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

721 AGC members from time to time receive requests from their direct investor-clients for an informational copy of a CSD's completed questionnaire. Such requests typically lead to interactions between personnel at the CSD 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 AGC members delivering a copy of your completed questionnaire to the member's direct client in response to the client's request?

PFMI: Q.23.5.4

AGC: 100

Yes [Y]

722 Are the results of the financial audit publicly available?

PFMI: Q.23.5.4

AGC: 15f

Yes [Y]

725 filecount - Add relevant appendices for this group.

PFMI: n/a

AGC: n/a

0

Compliance with SEC Rule 17f-7

726

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

728 Rule 17f-7 also requires that an Eligible Securities CSD "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: [Act as or operate a system for the central handling of securities or equivalent book-entries in the country where it is incorporated?]

Yes [Y]

730 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:

PFMI: n/a
AGC: 2b.

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 institution bonds, central bank bonds, municipal bonds, domestic and foreign corporate bonds, convertible bonds, bonds with priorities rights, mortgage bonds, structured certificates, certificates of deposit; derivatives: futures contracts, options, index participation units.

731 Rule 17f-7 requires that an Eligible Securities Depository regulated by a foreign financial regulatory authority as defined under section 2(a)(50) of the Act, with section 2(a)(50) establishing that z '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 CSD? [A governmental body or regulatory organization empowered to administer or enforce laws related to securities matters.]

Yes [Y]

731 Rule 17f-7 requires that an Eligible Securities Depository regulated by a foreign financial regulatory authority as defined under section 2(a)(50) of the Act, with section 2(a)(50) establishing that z '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 CSD? [A governmental body or self-regulatory organization empowered to administer or enforce laws related to other financial activities.]

Yes [Y]

731 Rule 17f-7 requires that an Eligible Securities Depository regulated by a foreign financial regulatory authority as defined under section 2(a)(50) of the Act, with section 2(a)(50) establishing that a '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 CSD? [A membership organization which regulates the participation of its members in securities matters or other financial activities.]

Yes [Y]

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

PFMI: n/a

AGC: 9

The Polish Financial Supervision Authority (PFSA) - regulates KDPW as a CSD; European Securities and Markets Authority (ESMA) - regulates KDPW in its Trade Repository function, Regulatory Oversight Committee (ROC) - regulates KDPW_LEI service.

734 Rule 17f-7 requires that an Eligible Securities Depository is subject to periodic examination by regulatory authorities or independent accountants. Is the CSD subject to periodic examination by: [Independent accountants?]

Yes [Y]

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

PFMI: n/a

AGC: 11

Polish Financial Supervision Authority (PFSA)

737 What enforcement actions are available to regulatory authority #1 for breach of applicable statute or regulatory requirements? [Fines]

Yes [Y]

737 What enforcement actions are available to regulatory authority #1 for breach of applicable statute or regulatory requirements? [Restrictions on CSD activities.]

Yes [Y]

737 What enforcement actions are available to regulatory authority #1 for breach of applicable statute or regulatory requirements? [Other]

PFMI: n/a

AGC: 11a.

see 738

738 Please explain:

An authorized representative of PFSA has 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 the request, 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 Statute of KDPW, the rules or principles of safety of trading, or if the resolution has been adopted contrary to the provisions of law, provisions of the Statute or the Rules of KDPW.

739 Name of Authority #2:

European Securities and Markets Authority (ESMA) in the scope of the trade repository service offered by KDPW (KDPW_TR). TR is supervised by ESMA in order to ensure that it complies on an on-going basis with all EMIR requirements, thereby enabling regulators access to data and details of derivative contracts in order for them to fulfil their respective missions. Regulatory Oversight Committee (ROC), the regulatory supervisory body of the global LEI system in the scope of the LEI numbering agency service offered by KDPW (KDPW_LEI). KDPW, has been given pre-LOU status and assigns identifiers - the Legal Entity Identifier (LEI) of counterparties to transactions concluded on the financial markets.

740 What enforcement actions are available to regulatory authority #2 for breach of applicable statute or regulatory requirements? [Fines]

Yes [Y]

740 What enforcement actions are available to regulatory authority #2 for breach of applicable statute or regulatory requirements? [Other]

PFMI: n/a
AGC: 11c.

Restriction, suspension or termination of some specific services performed by KDPW (LEI, TR).

741 Please explain:

PFMI: n/a
AGC: 11d.

ESMA has the power to impose supervisory measures like: requiring the trade repository to bring the infringement to an end, issuing public notices, imposing fines or periodic penalty payments upon trade repositories and persons involved in trade repositories and as a last resort, withdrawing the registration of the trade repository. Procedural rules for taking supervisory measures and imposing fines on trade repositories are described in article 64-73 of EMIR (Regulation No 648/2012 of 4 July 2012 on OTC Derivatives, central counterparties and trade repositories).

The ROC's specific possible enforcement actions:

- Requiring audits of the system (including appointment of external auditors) for financial controls, business practices, data quality standards or other matters necessary to ensure the public interest.
- Approval of policies for the recognition and termination of local registration agencies and LOUs.

742 Has there been any use of such enforcement actions in the last three years? [No]

Yes [Y]

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

No [A02]

749 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 CSD are held under safekeeping conditions no less favorable than the conditions that apply to other participants.

Yes [A1]

751 Please confirm the basis for the arrangements you have 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. [Relevant Law and Regulation]

Yes [Y]

751 Please confirm the basis for the arrangements you have 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. [Established terms and conditions of participation]

Yes [Y]

751 Please confirm the basis for the arrangements you have 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. [By-laws of the CSD]

Yes [Y]

751 Please confirm the basis for the arrangements you have 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. [Rules of the CSD]

Yes [Y]

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

PFMI: n/a

AGC: 21d

Relevant Law and Regulation: There are equal conditions for holding foreign investor 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, depository accounts and omnibus accounts kept by entities authorised to do so under this Act and maintained by KDPW (article 3, point 21). KDPW is in charge of registering securities on: 1) depository accounts; 2) securities accounts; 3) omnibus accounts. Balances on accounts managed by participants should correspond with the balances on the relevant depository accounts managed by KDPW (article 57). Omnibus accounts are dedicated only for foreign entities (article 8a). However, depository and omnibus accounts work on the same principles, i.e. they are co-mingling securities belonging to 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 the securities register (article 20, 24, 33, 33a of the KDPW Rules). The rules are similar for custodians and other participants who hold foreign or domestic investor assets. Rules of the depository: The accounting scheme for 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 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 of the clients' assets from participants' securities), simultaneous registration (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.

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

Yes [A01]

755 If yes, please indicate the scheduled frequency: [Daily]

Yes [Y]

755 If yes, please indicate the scheduled frequency: [Upon request]

Yes [Y]

756 filecount - Add relevant appendices for this group.

PFMI: n/a

AGC: n/a

0

Relevant RSSS recommendations

762 filecount - Add relevant appendices for this group.

PFMI: n/a

AGC: n/a

0

Appendices

763 filecount - Add relevant appendices

PFMI: n/a

AGC: n/a

0

764 I am submitting up-to-date information in response to:

AGC questions [A1]