

RULES OF THE WSE BONDSPT ATS GUARANTEE FUND

Valid as of 1 September 2016

CHAPTER I General Provisions

§ 1

1. These rules define the procedures for the creation and use of the guarantee fund securing the clearing of transactions concluded in the alternative trading system organised by the Warsaw Stock Exchange and in the alternative trading system organised by BondSpot S.A., which is the ATS guarantee fund as defined in § 3 subpara. 10 a/ and § 57 of the Rules of Transaction Clearing (Organised Trading), hereinafter the "Fund".
2. KDPW_CCP manages the assets of the Fund.
3. Specific terms described in these rules shall be used according to their definition in the Rules of Transaction Clearing (Organised Trading), hereinafter the "Rules of Transaction Clearing".
4. The provisions of § 6 of the Rules of Transaction Clearing shall be used to determine and calculate the deadlines defined in these rules.

§ 2

1. The Fund shall secure the performance of obligations arising from the clearing in KDPW_CCP of transactions concluded in the alternative trading system organised by the Warsaw Stock Exchange and concluded in the alternative trading system organised by BondSpot S.A., excluding transactions concluded outside standard trading systems.
2. The Fund shall be formed by the contributions of participants holding the status of clearing member for transactions, referred to in subpara. 1.
3. The Fund shall consist of a basic and reserve resource.
4. The Fund shall secure the performance of obligations arising from transactions and arising from non-execution or undue execution of transactions under extreme but plausible market conditions.
5. KDPW_CCP shall conduct stress testing in order to monitor the ability of performing obligations arising from transactions for which participants holding the status of clearing member are a clearing counterparty.
6. KDPW_CCP shall determine, on the basis of the weighted average value of the Fund in the last four update periods, the minimum value below which the value of the Fund must not fall. The minimum value shall be equal to half the weighted average value of the Fund rounded off to PLN 10,000 (ten thousand zlotys), however, not less than the value of the minimum contribution determined according to § 9 subpara. 2 times the number of Fund participants.
7. KDPW_CCP shall determine, on the basis of the weighted average value of the Fund in the last four update periods, the maximum value; once it is exceeded, KDPW_CCP shall no longer accept contributions of participants to the basic resource of the Fund until the next update begins. The

maximum value shall be equal to twice the weighted average value of the Fund rounded off to PLN 10,000 (ten thousand zlotys), however, not less than four times the value of the minimum contribution determined according to § 9 subpara. 2 times the number of Fund participants.

8. The minimum value and the maximum value referred to in subpara. 6 and 7, respectively, shall be updated on each last day of a calendar month in which contributions to the basic resource of the Fund are updated.

§ 3

1. The assets of the Fund shall be used for the following purposes:

1) to cover the differences between the price of securities forming part of a transaction guaranteed by the Fund, whose settlement has been suspended, and the price of their purchase or sale, as well as the costs incurred to perform that purchase or sale, in instances where, in order to eliminate the settlement suspension of such transaction, securities are purchased or sold in order that the participant who has not caused the settlement of the transaction to be suspended may receive payment,

2) to meet the cash payments owed by the participant holding the status of clearing member, who has not fulfilled the cash payment obligations arising from a securities transaction guaranteed by the Fund,

3) to meet the cash payment up to the amount defined in the Rules of Transaction Clearing on behalf of a participant, who is not responsible for the settlement suspension of a transaction guaranteed by the Fund, in place of a cash payment, or non-cash payment, arising from that transaction,

4) in other cases defined in the Rules of Transaction Clearing.

2. The provisions of the Rules of Transaction Clearing shall apply to any matters relating to the principles of the use of the Fund that are not regulated herein.

CHAPTER II

Payment, Update and Adjustment of Contributions to the Fund

§ 4

1. Contributions of participants shall be made by depositing with the Fund:

1/ cash acceptable to KDPW_CCP, or

2/ securities acceptable to KDPW_CCP, which are Treasury securities, or

3/ debt securities acceptable to KDPW_CCP, which are denominated in EUR, issued by European Union member states other than the Republic of Poland,

where the types of acceptable securities referred to in points 2 and 3 which may constitute contributions to the Fund, as well as the conditions that these securities need to meet to be accepted as contributions, shall be defined in a resolution of the KDPW_CCP Management Board.

2. Cash acceptable to KDPW_CCP within the meaning of subpara. 1 shall only include cash contributed according to rules defined pursuant to the Rules of Transaction Clearing (Organised Trading) and the Detailed Rules of Transaction Clearing (organised trading), in the following currencies:

1/ PLN,

2/ EUR.

3. Subject to the provisions of subpara. 4 and 5, as well as the provisions of § 6 subpara. 3, § 7 subpara. 1, § 9 subpara. 3 and § 22 subpara. 3, securities paid in by a participant shall count towards the

participant's contribution before any cash assets paid in. For participants making separate contributions, described in the first sentence of § 7 subpara. 5, the cash assets referred to in subpara. 1 point 2 and securities referred to in subpara. 1 point 3, paid in by the participants shall be counted separately for each of these contributions.

4. Securities, referred to in subpara. 1 point 2 and 3, paid into the fund shall count towards only a part of the participant's contribution as set by the KDPW_CCP Management Board in a resolution. However, two days prior to the record date used to determine the owners of securities entitled to payments following their redemption, these securities shall cease to count towards a contribution.

5. The amount of the contribution, to the extent that it consists of securities referred to in subpara. 1 point 2 and 3 and cash in EUR, shall be equal to their market value less such market value multiplied by the assigned haircut rate published by KDPW_CCP according to a procedure defined in a resolution of the KDPW_CCP Management Board.

6. The market value of securities shall be determined according to the provisions of § 72 of the Rules of Transaction Clearing.

7. The updated market value of securities referred to in subpara. 1 point 2 and 3 and cash in EUR paid in as contributions by each participant shall be calculated each day in which KDPW_CCP performs transaction clearing.

8. KDPW_CCP shall define the haircut rate for each security referred to in subpara. 1 point 2 and 3 and for cash in EUR depending on its type, market price volatility risk, and liquidity.

9. The value of the haircut rate shall be updated by KDPW_CCP for every day in which KDPW_CCP performs transaction clearing. Changes to the level of the haircut rate following its update shall also apply to securities referred to in subpara. 1 point 2 and 3 and cash in EUR paid into the Fund prior to the introduction of the change.

10. The level of the haircut rate for specific securities may be set at 100%.

11. The provisions of the Rules of Transaction Clearing shall apply in matters concerning the contribution of cash and securities to the Fund and concerning their return which are not governed by these rules.

§ 5

1. The rights arising from the securities referred to in § 4 subpara. 1 point 3 being recorded in the securities account referred to in § 6 subpara. 1 point 2 shall be subject to the applicable legislation of the state in which the account is maintained. The KDPW_CCP Management Board shall indicate in a resolution the state in which the securities account in which the securities referred to in § 4 subpara. 1 point 3 are recorded is maintained.

2. KDPW_CCP shall accept the securities referred to in § 4 subpara. 1 point 3:

1/ the applicable legislation of the state referred to in in subpara. 1 ensure effective contribution of such securities to the Fund and their use with precedence over third parties in the cases referred to in the rules and the Rules of Transaction Clearing and pursuant to the provisions of those rules,

2/ the provisions of the rules and the Rules of Transaction Clearing concerning the contribution of such securities to the Fund and their use in the cases referred to in those provisions are in conformity with the legislation referred to in subpara. 1.

3. If securities referred to in § 4 subpara. 1 point 3 are contributed to the Fund:

- 1/ KDPW_CCP may accept such securities conditional on additional actions taken by the participant, specified by the KDPW_CCP Management Board in a resolution, as necessary to ensure effective posting of such securities as contributions to the Fund and their use with priority over third parties in cases defined in and according to these rules and the Rules of Transaction Clearing;
- 2/ actions taken to contribute and return such securities may be carried out through the mediation of the operator of the relevant depository system for such securities under an agreement concluded between it and, respectively, KDPW_CCP, the participant or its collateral agent;
- 3/ the value of the contribution to the extent that it consists of such securities may be calculated and updated through the mediation of the operator of the relevant depository system for such securities which has concluded an agreement with KDPW_CCP, taking into account the haircut rate assigned to them and published by KDPW_CCP.
4. If a clearing member who contributes securities to the Fund concludes an agreement with another entity in order to have such securities contributed or returned, it shall ensure that the provisions of the agreement are not in conflict with these rules and with resolutions of the KDPW_CCP Management Board adopted hereunder.

§ 6

1. Securities referred to in § 4 subpara. 1 points 2 and 3 contributed by participants to the Fund shall be recorded, respectively, in:
 - 1/ securities referred to in § 4 subpara. 1 point 2 – the securities account maintained by KDPW for KDPW_CCP,
 - 2/ securities referred to in § 4 subpara. 1 point 3 – the securities account maintained for KDPW_CCP in the relevant depository system for such securities, indicated by the KDPW_CCP Management Board in a resolution.
2. Contributions to the Fund shall be made:
 - 1/ for cash assets - by means of a debit of the bank account maintained in the relevant clearing bank or in TARGET2 for the participant or its payment agent, subject to subpara. 6,
 - 2/ for securities referred to in § 4 subpara. 1 point 2 - by means of the transfer of securities onto the securities account referred to in subpara. 1 point 1, according to the principles described in the relevant rules issued by KDPW, defining the rules for the maintenance of the securities depository and for processing of transaction settlement,
 - 3/ for securities referred to in § 4 subpara. 1 point 3 - by means of the transfer of securities onto the securities account referred to in subpara. 1 point 2, according to the principles described in the relevant rules issued by entity indicated by the KDPW_CCP Management Board in a resolution, defining the rules for the maintenance of the securities depository for such instruments and for processing of transaction settlement, subject to § 5 subpara. 3 point 2.
3. Instructions sent to KDPW in order to transfer securities referred to in § 4 subpara. 1 point 2 contributed to the Fund directly by the responsible clearing member or contributed by it via its settlement agent to the securities account maintained for KDPW_CCP by KDPW should specify that the transferred securities should be credited as a contribution to the Fund and should be sent according to the regulations referred to in subpara. 2 point 2.

4. Subject to § 5 subpara. 3 point 2, the KDPW_CCP Management Board shall define in a resolution detailed terms of contributing securities to the Fund and of returning them.
5. Securities contributed to the Fund as per subpara. 3 and 4 shall not be credited towards other contributions of the participant to the basic resource of the Fund.
6. Cash assets in EUR shall be contributed to the Fund and returned according to instructions sent by the participant, and shall be returned to the bank account indicated according to § 20 subpara. 2 point 3 of the Rules of Transaction Clearing.

§ 7

1. Participants joining the Fund shall make the first contribution to the basic resource of the Fund exclusively in the form of cash. The first contribution should be paid in prior to the date that the appropriate governing body of the Warsaw Stock Exchange or BondSpot S.A. passes a decision indicating the day that the participant, or an entity that will be represented by a participant in the clearing system acting as clearing member, commences activities in the alternative trading system organised by the Warsaw Stock Exchange, not later, however, than two days prior to the day of the commencement of these activities indicated in that decision.
2. Participants joining the Fund shall provide KDPW_CCP with a written declaration of having become a member of the Fund, prepared according to the specimen form defined in Appendix 2, prior to paying in the first contribution.
3. Participants seeking the status of clearing members for transactions covered by the Fund, executed by another entity following a change of participant holding such status, shall be obliged to make the first contribution to the basic resource of the Fund not later than two days prior to the date when the participant intends to acquire the status of clearing member for such transactions.
4. The amount of the first contribution paid shall equal the amount of the minimum contribution determined according to the provisions of § 9 subpara. 2.
5. Participants holding the status of clearing members for transactions covered by the Fund, however as part of more than one type of activity determined according to § 11 subpara. 3 points 1 - 4 of the Rules of Transaction Clearing, shall be obliged to make a separate contribution, allocated to each of those types of activities. The provisions of subpara. 1, 2 and 4 shall apply accordingly to each of these separate contributions.
6. Prior to the payment of the first separate contribution, described in the first sentence of subpara. 5, to the basic resource of the Fund, participants shall be obliged to inform KDPW_CCP in written form of the type of activity determined according to § 11 subpara. 3 points 1-4 of the Rules of Transaction Clearing, within which the contribution will be paid in.

§ 8

1. Subject to the provisions of subpara. 3, contributions to the basic resource of the Fund shall be updated on the last day of each calendar month, and if this date should fall on a day on which KDPW_CCP does not process transaction clearing - on the last day, preceding that day, in which clearing is performed by KDPW_CCP.
2. KDPW_CCP performs the update by calculating the required amount of the contribution.
3. Separate contributions paid in by participants according to the provisions of the first sentence of § 7

subpara 5, shall be subject to a separate update.

§ 9

1. The update of the contributions shall be performed according to the principles described in Appendix 1 to these rules.
2. The amount of the contribution to the basic resource of the Fund, including the amount of the separate contribution described in the provisions of the first sentence of § 7 subpara. 5, shall not be lower than PLN 20,000 (minimum contribution). The KDPW_CCP Management Board may determine another amount for the minimum contribution in a resolution.
3. In instances justified by reasons of trading or transaction clearing safety, the KDPW_CCP Management Board may, in a resolution, oblige all or some participants holding the status of clearing members for transactions covered by the Fund to pay in contributions in a specific amount, other than the amount defined according to the provisions of subpara. 1 and 2, as well as determine that the payment of these contributions may be in a form other than the one described herein.

§ 10

1. Subject to the provisions of subpara. 2, the contribution shall be adjusted in the following instances:
 - 1) when the updated amount of the participant's contribution is higher or lower than the value of the contribution paid in by the participant to the basic resource of the Fund, or,
 - 2) when the updated value of the securities paid in towards the participant's contribution is higher or lower than the market price of the securities at the time of the last adjustment of the participant's contributions.
2. If the assets of the Fund were sold below their purchase price, following their use in accordance with the provisions of § 3 subpara. 1, the level forming the basis for the adjustment of the contributions shall be defined by the KDPW_CCP Management Board in a resolution.
3. The debits and credits of the participant paying in separate contributions to the basic resource of the Fund, according to the provisions of the first sentence of § 7 subpara. 5, following the adjustment of the contribution, shall be calculated separately for contributions paid in by that participant as part of several types of activities performed, determined according to § 11 subpara. 3 points 1 – 4 of the Rules of Transaction Clearing.
4. The adjustment of the contribution shall be made by participants paying in a supplementary contribution to the basic resource of the Fund, or by a refund of part of the participant's contribution.
5. A refund of a part of the participant's contribution shall only be made in the form of cash, through a credit payment onto the bank account, referred in § 6 subpara. 2 point 1, subject to § 6 subpara. 6. The amount of the refund shall not be higher than the surplus over the part of the participant's contribution which, according to the provisions of § 4 subpara. 4, must remain in cash form.
6. The participant's debits and credits as a result of the adjustment of the contribution to the Fund shall be offset (netted) with the participant's debits and credits arising from the adjustment of contributions to the clearing fund or the relevant guarantee fund, with the amount of margins, and with marking to market, described in § 46 subpara. 3 of the Rules of Transaction Clearing.

§ 11

1. The adjustment of the contribution shall take place on the basis of documents containing the information, referred to in subpara. 2 below, issued by KDPW_CCP and made available to participants.
2. On the day of the update, KDPW_CCP shall make available not later than 23:00 hours, to each participant holding the status of clearing member for transactions covered by the Fund, information defining the updated amount of the participant's contribution to the basic resource of the Fund, the updated market value of the securities paid in as part of the contribution and the amount of the participant's cash debits and credits that need to be adjusted as part of the next contribution adjustment.
3. The information referred to in subpara. 2 shall also be made available by KDPW_CCP on every day on which KDPW_CCP performs transaction clearing, and if the day that the information is made available is not at the same time the date on which the contribution is updated, then this information shall indicate the amount of the contribution that would be required from participants if on the day the information is made available the update had been performed, while the amount of the cash debits and credits shall be determined on the basis of changes in the current market price of securities forming part of the contribution.
4. The information referred to in subpara. 2 and 3, made available to a participant paying in the separate contribution, described in the first sentence of § 7 subpara. 5, shall be made available separately for each of these contributions.

§ 12

1. A participant shall pay the supplementary contribution, when this contribution consists of cash assets, up to 8:30 on the day following the day when the information, referred to in § 11 subpara. 2 or 3 is made available, indicating that the participant is obliged to make a payment. On the same day, KDPW_CCP shall refund part of the contribution paid in by the participant if this information indicates a credit owed to the participant. In instances justified by reasons of trading and transaction clearing safety, the Management Board of KDPW_CCP may, in a resolution, designate separate deadlines for each update.
2. Treasury securities may be used as part of the supplementary contribution on condition that before 18:00 hours on the day the information referred to in § 11 subpara. 2 or 3 was made available they were registered, respectively, in:
 - 1/ for securities referred to in § 4 subpara. 1 point 2 - the securities account referred to in § 6 subpara. 1 point 1,
 - 2/ for securities referred to in § 4 subpara. 1 point 3 - the securities account maintained for KDPW_CCP in the relevant depository system for such securities indicated by the KDPW_CCP Management Board in a resolution.
3. The adjustment consisting of a refund to the participant of part of the contribution paid in shall be withheld in instances where participants are obliged to make replacement or additional contributions, described in § 21 subpara. 1 and 2, as well as in § 22 subpara. 1 - 3.

CHAPTER III

Withdrawal of Securities

§ 13

1. Participants may withdraw securities paid in by them to the Fund by means of an instruction sent to KDPW_CCP to this effect.
2. KDPW_CCP shall send an instruction to KDPW, to transfer securities from the securities account referred to in § 6 subpara. 1, in accordance with the contents of the instruction referred to in subpara. 1, the day following the day of its receipt, on condition that:
 - 1) the participant has performed the necessary obligations relating to the adjustment of the contribution,
 - 2) the withdrawn securities do not need to be used by the Fund and,
 - 3) the instruction referred to in subpara. 1 was sent to KDPW_CCP prior to 18:00 on the day preceding the date of the intended withdrawal.
3. If the instruction referred to in subpara. 1 is sent to KDPW_CCP, then the documents referred to in § 11 subpara. 2 and 3 shall not include the value of the securities, which are to be withdrawn in accordance with the instruction.

§ 14

1. Participants shall be obliged to withdraw securities they have paid into the Fund two days prior to the record day on which those entitled to receive payments following redemption of these securities are determined. This does not exempt participants from the obligation to adjust the contribution.
2. KDPW_CCP may send an instruction to transfer securities which have not been withdrawn by the participant according to subpara. 1 from the securities account referred to in § 6 subpara. 1 point 1 or 2, respectively, onto the account from which the securities were contributed into the Fund.

CHAPTER IV

Reserve Resource of the Fund

§ 15

1. The reserve resource of the Fund consists of:
 - 1) revenue from the investment of cash assets in the Polish currency paid into basic resource, and
 - 2) the assets described in § 21 subpara. 4, and
 - 3) revenue generated by the investment of assets, as referred to in points 1- 2 above.
2. Entitlements from securities paid into the Fund shall be transferred by KDPW_CCP to participants who have paid these securities to the Fund, on the day the entitlements are received, for the amount due, less any due taxes remitted before their receipt. However, if prior to the payment of the entitlement, a participant is obliged to make a contribution, described in § 21 subpara 1 and2, and the participant does not perform this obligation within the necessary deadline, these entitlements shall be reassigned as contribution to the basic resource for an amount equal to the value of the contribution.
3. If a participant does not perform the obligations described in § 14 subpara 1, the payment from the

issuer received for the redemption of securities that were paid in by the participant to the Fund shall be added to the basic resource of the Fund, increasing the value of cash assets paid in by that participant as contribution.

4. Any revenue from the management of cash resources of the Fund in EUR shall go to KDPW_CCP.

§ 16

1. The share of a given participant in the revenue generated by the investment of assets from the basic resource in the Polish currency and by the investment of assets from the reserve resource, referred to in § 15 subpara. 1 – 3, shall be proportional to the participant's share, respectively, in the basic resource in such currency and in the reserve resource, subject to the provisions of subpara. 2 and 3.

2. The share of a participant paying in a separate contribution, referred to in the first sentence of § 7 subpara. 5, in the revenue described in subpara. 1, shall be calculated separately for each of these contributions.

3. The share of a participant in the assets described in § 21 subpara. 4, shall be proportional to that participant's share in the basic resource.

§ 17

The share in the reserve resources of the fund shall be paid out to participants quarterly, unless there has been an obligation imposed on a participant to make contributions referred to in § 21 subpara. 1 and 2, or § 22 subpara. 1 – 3. In such instances, participants' shares in the reserve resource shall be applied to contributions to the basic resource.

CHAPTER V

Using the Assets of the Fund, Replacement and Additional Contributions

§ 18

If the value of the assets required to meet the payment obligation from the assets of the Fund is higher than the total value of the cash assets, paid in as contributions to the basic resource by the participant, who despite the obligation, did not hold the necessary assets to enable the transaction to be settled, KDPW_CCP shall assign to the basic resource of the Fund those securities paid in by that participant, and if necessary, also shall assign to the basic resource of the Fund securities paid in by other participants, recognising the need to ensure the fastest possible sale of these securities at the best available price.

§ 19

1. Immediately upon determining the need to allocate securities to the basic resource of the Fund, KDPW_CCP shall inform participants paying in contributions of this fact.

2. In order to prevent the allocation of securities to the basic resource of the Fund, the participant should provide KDPW_CCP, not later than 20 minutes following the moment KDPW_CCP has made the information referred to in subpara. 1 available, with a declaration relating to the replacement of securities contributed to the Fund with cash assets of equal market value to the securities while

retaining the haircut rate, referred to in § 4 subpara. 5. The declaration should indicate the number of securities that are to be replaced, along with their ID. The replacement shall take place on condition that the cash available on the bank account, referred to in § 6 subpara 2 point 1, is sufficient to replace the securities indicated in the participant's declaration.

§ 20

1. Disbursement of the Fund assets shall be made from the basic resource. If securities form part of the assets of the Fund that are subject to the disbursement, KDPW_CCP shall sell these securities.

2. Securities held by a participant in the Fund, which were not assigned to the basic resource, according to the provisions of § 18, shall not be used and may be withdrawn by the participant, while applying the provisions of § 13.

§ 21

1. Subject to the provisions of subpara. 3, participants whose contributions have been disbursed shall be obliged immediately to replace the used part of the Fund. Replacement contributions shall be made relative to the size of the amounts of contributions made by participants to the basic resource of the Fund. The value of the participant's share in the reserve resource shall be counted as part of the replacement contribution, subject to § 15 subpara. 2.

2. Replacement contributions shall be paid in up to an amount of the value of the used part of the Fund less the total value of assets paid in as contributions to the basic resource of the Fund by the participant, who despite the obligation, did not hold the assets necessary to meet the obligations arising from the clearing of the transaction.

3. The obligation to make replacement contributions shall not apply to the participant referred to in subpara. 2 above.

4. The assets paid into the Fund according to the provisions of § 59 subpara. 5, § 60 subpara. 4 and § 64 subpara. 7 and 8 of the Rules of Transaction Clearing shall be allocated to the reserve resource of the Fund; however, where such assets are in any currency other than the Polish currency, KDPW_CCP may exchange them into the Polish currency at the market exchange rate as at the date of such exchange, prior to allocating such assets to such resource.

§ 22

1. Where, due to actions taken by KDPW_CCP in order to cause the performance of an obligation arising from the clearing of a transaction accepted to the clearing system, the amount of own funds of KDPW_CCP falls to 110% of the set capital requirement, clearing members shall be obliged to make additional contributions relative to the value of their contributions made thus far to the basic resource of the Fund, arising from the most recent update.

2. The amount of the additional contribution that the participant may be obliged to make in the event described in subpara. 1 shall not exceed at each time 50% of that participant's total amount of existing contributions to the basic resource of the Fund, arising from the most recent update (maximum amount of additional contribution).

3. The additional contributions shall only be paid in the form of cash within the deadline defined by KDPW_CCP, set at the earliest on the day following the date of the demand for additional payment. The

KDPW_CCP Management Board may decide in a resolution that additional contributions may be paid in instalments whose amount shall be defined in such resolution.

4. Immediately after making additional contributions referred to in subpara. 1, KDPW_CCP shall use such contributions to ensure the performance of an obligation arising from the clearing of a transaction covered by the transaction clearing liquidity guarantee system.

CHAPTER VI

Consequences of Termination, Change or Suspension of Participation or Participant Acquisition

§ 23

1. In instances when participant status is terminated or limited to the extent that it involves the loss of clearing member status for transactions covered by the Fund, KDPW_CCP shall refund the participant the securities and cash assets remaining from contributions made by that participant to the basic resource, as well as the cash assets being equal to the participant's share in the reserve resource, calculated as at the day of the refunding of the assets to the participant. The assets refunded to the participant may be subject to a deduction by an amount necessary to perform the settlement of transactions executed in connection with other transactions covered by the assets of the Fund, for which the participant held the status of clearing member.

2. The refund shall take place once the obligations of the participant have been met, arising from the participant's status of clearing member for transactions covered by the Fund.

3. In instances where participant status is limited for a participant making separate contributions, described in the first sentence of § 7 subpara. 5, in relation to contributions paid in by that participant for activities of a certain type, while at the same time maintaining participation in the scope of contributions paid in for different activities, the principle described in subpara. 1 shall only apply to the values of those first contributions and corresponding shares in the reserve resource and subject to the condition that KDPW_CCP shall not return securities, however, the refund of cash assets shall take place up to the amount of cash assets allocated to the contribution of the participant that is to be refunded, according to the balance on the day of the last adjustment of the participant's contribution, however, only in the scope where the need did not arise for their use. In such instances, the participant may withdraw the securities whose market value corresponds to the value of the participant's contribution eligible for a refund, that was not refunded in cash, according to the balance on the day of the last adjustment of the participant's contribution, and if it was used, then according to the balance on the day of the refund.

4. The provisions of subpara. 1 above shall not apply in instances where:

1) termination of participation status takes place as a result of the acquisition of a participant by another entity, which assumes all the rights of the participant being acquired. In such instances, assets paid into the Fund by the participant being acquired and that participant's share in the reserve resource shall be allocated to the acquiring participant, or

2) limitation of participant status is caused by the acquisition of a participant by another entity, assuming the participant's rights within a specified scope, while the procedure described in the second sentence of point 1 has been applied to contributions to the basic resource and to the share in the reserve resource of the participant being acquired.

§ 24

1. Subject to the provisions of subpara. 2 and 3, refunds of the assets referred to in § 23 subpara. 1 shall be made within a period of 7 days following the performance of the obligations, referred to in § 23 subpara. 2.
2. The refund of entitlements from securities shall take place on the day these entitlements have been received, subject to § 23 subpara 1 and 2.
3. In instances referred to in the second sentence of § 23 subpara. 3, the withdrawal of securities shall not take place earlier than the deadline defined in subpara. 1. The provisions of § 12 subpara. 2 and 3 shall apply accordingly.

§ 25

The contribution made by a participant to the basic resource of the Fund shall not be subject to updates during the period of the suspension of participation, however, it shall be used and replenished, in accordance with general principles, up to the level of contribution on the day of suspension of participation.

§ 26

In instances of restitution of participant status of a participant following a period of suspension, the required amount of the contribution paid in by such a participant to the basic resource of the Fund shall be determined according to the principles described in § 7 subpara. 4.

§ 27

In instances where a participant is acquired by another entity, within a given scope, the amount of contribution to the basic resource of the Fund, required to be paid in by the acquiring entity, shall be determined at the level of the most recent updated contribution of the participant being acquired, paid in during the period of the acquisition, subject to the provisions of § 28.

§ 28

1. The amount of the contribution to the basic resource of the Fund required to be paid in by the acquiring entity, who is at the same time a participant in the fund, shall be determined in accordance with general principles, however, using data relating to both the acquiring entity and the entity being acquired, as the basis of calculation, subject to the provisions of subpara. 2.
2. When calculating the contribution, described in subpara. 1, data relating to the participant being acquired shall only apply in the scope of the acquisition.

§ 29

Extension of participation to include the participant type of representative, in instances where the participant already holds this participant type, however, within the scope of transactions covered by the Fund and executed by another entity, shall not require the payment of the contribution referred to in § 7 subpara. 5.

CHAPTER VII

Reporting

§ 30

The Management Board of KDPW_CCP shall present Fund participants with semi-annual and annual reports on its activities in relation to the management of the assets of the Fund.

CHAPTER VIII

Liquidating the Fund

§ 31

1. The Fund may be liquidated by KDPW_CCP in co-ordination with the Warsaw Stock Exchange and BondSpot S.A.
2. The day of opening the liquidation of the Fund shall be set in a resolution of the KDPW_CCP Management Board disclosed for information of participants at least 2 weeks before the day of opening the liquidation.

§ 32

1. The KDPW_CCP Management Board shall prepare a liquidation report on the basis of which KDPW_CCP shall determine the balance of assets of the Fund at the day of opening the liquidation which are to be refunded to each participant, in particular:
 - 1) the amount of cash assets deposited by each participant as contributions to the basic resource of the Fund;
 - 2) the amount of participants' credits or debits arising from the adjustment of contributions to the clearing fund, in respect of maintenance margins and marking to market, described in § 46 subpara. 3 of the Rules of Transaction Clearing;
 - 3) the amount of each participant's share in the reserve resource of the Fund;
 - 4) the type and quantity of securities deposited by each participant as contributions to the basic resource of the Fund;
 - 5) the amount of fees for management and administration of assets deposited in the Fund as contributions due to KDPW_CCP from each participant, calculated until the day of opening the liquidation of the Fund inclusive.
2. KDPW_CCP shall call participants to withdraw securities referred to in subpara. 1 point 3 within 5 days of the day of opening the liquidation of the ATS guarantee fund on the terms laid down in § 13, which shall apply accordingly. If a participant fails to present an instruction referred to in § 13 subpara. 1 within the time limit referred to in subpara. 1, KDPW_CCP shall, within 2 business days after the end of the time limit referred to in the first sentence, send to KDPW an instruction referred to in § 13 subpara. 2, subject to subpara. 3.
3. KDPW_CCP may refrain from returning securities to a participant that has made a declaration of participation in a new fund if, according to the balance of assets of such participant determined in the liquidation report of the ATS guarantee fund, it would, on the day of liquidation of the fund, be required

to adjust a contribution as a part of its update. If such participant fails to deposit the required contribution in the new fund in the full amount within the time limit laid down in the rules of the new fund, KDPW_CCP shall as soon as possible sell the securities deposited by such participant in the fund in liquidation at the best possible price and immediately credit the entire amount of cash so raised towards the contribution to the new fund on the terms laid down in the rules of the new fund.

4. Cash assets referred to in subpara. 1 point 1 and cash equivalent to each participant's share in the reserve resource, determined according to subpara. 1 point 3, shall be refunded to participants on the terms laid down in § 10 subpara. 5 after their appropriate increase or decrease with the amount of credits or debits referred to in subpara. 1 point 2, within 7 days after all liabilities of such participants covered by the Fund are met, subject to § 33 subpara. 1-4.

5. KDPW_CCP may decrease cash assets refunded to participants according to subpara. 4 with the amount of fees for management and administration of resources deposited in the Fund as contributions, referred to in subpara. 1 point 5. In the event referred to in subpara. 3, KDPW_CCP may charge the participant with a fee for each day of administration of securities deposited by the participant in the Fund, including the day on which cash raised from the sale of such securities is credited towards the contribution to the new fund. The fee shall be charged on the terms laid down in the Rules of Transaction Clearing, in proportion to the period of administration of securities by KDPW_CCP, and shall be deducted from the cash raised from the sale of such securities.

6. An offset according to subpara. 4 or subpara. 5 shall not require additional declarations of will of KDPW_CCP or participants of the fund in liquidation and shall be made on the refund of the reduced amount of assets to the participant.

§ 33

1. If, on the day of opening the liquidation of the Fund (fund in liquidation), the rules of a new fund securing liabilities arising from the clearing performed by KDPW_CCP for transactions concluded in the alternative trading system organised by the Warsaw Stock Exchange and BondSpot S.A., which is to secure liabilities arising from such transactions, including transactions concluded before the day of opening the liquidation (new fund), are in effect, those participants that make a declaration of participation in the new fund according to subpara. 2 shall deposit in the new fund, by 8:30 on the day following the day of opening the liquidation of the fund in liquidation, cash assets referred to in § 32 subpara. 1 point 1 as contributions. On the terms laid down in separate rules defining the terms of creating and using the new fund, KDPW_CCP may withhold the refund of such assets to participants and credit them towards contributions of such participants to the new fund. The obligation described in the first sentence shall also arise if the new fund additionally secures transactions concluded in an alternative trading system organised by other entities. The obligation of participants to deposit contributions to the new fund shall expire if the liquidation of the Fund is not effected before its creation.

2. Participants of the fund in liquidation willing to become participants of the new fund shall make written declarations of joining the new fund no later than 2 days before the day of opening the liquidation on the terms laid down in the rules of the new fund.

3. In the event referred to in subpara. 1, cash assets equivalent to the participant's share in the reserve resource of the fund in liquidation shall be refunded to the participant immediately after the participant

deposits the first contribution in the new fund in the full amount, subject to subpara. 4 and § 32 subpara. 5.

4. If the amount of the first contribution to the basic resource of the new fund due from the participant is greater than the amount of assets deposited by the participant in due time and credited towards the contribution, then the participant shall contribute to the new fund cash assets equivalent to the participant's share in the reserve resource of the fund in liquidation to the extent of the difference between these values. On the terms laid down in separate rules defining the terms of creating and using the new fund, KDPW_CCP may withhold the refund of such assets and credit them towards contributions of the participant to the new fund.

5. The provisions of subpara. 1-4 shall not apply to a participant affected by an event referred to in § 23 subpara. 1 before the day of opening the liquidation of the fund in liquidation. In that case, assets deposited in the Fund shall be refunded to the participant on the terms laid down in § 32. The participant shall join the new fund, if applicable, on the terms laid down in the rules of the new fund which define participation in the fund after its creation.

6. If a participant of the fund in liquidation fails to make a declaration of participation in the new fund on the terms laid down in subpara. 2, the participant shall no longer fulfil the requirement referred to in § 15 subpara. 2 of the Rules of Transaction Clearing. In that case, the provision of subpara. 5 shall apply accordingly.

§ 34

1. Obligations related to participation in the fund in liquidation shall cease to apply on the day of the first contribution deposited by participants in the new fund in the amount referred to in § 33 subpara. 1.

2. From the day of opening the liquidation of the Fund until the day of closing the liquidation:

1) the provisions of this Chapter shall apply and the other provisions of the rules shall only apply to the extent laid down herein;

2) cash assets deposited in the fund in liquidation shall be booked in a bank account bearing no interest;

3) subject to § 32 subpara. 5, KDPW_CCP shall charge no fees for management of the assets of the fund.

3. The provision of subpara. 2 point 1 shall not apply if the liquidation of the ATS guarantee fund is not effected. In that case, the assets referred to in subpara. 2 point 2 shall be transferred to a bank account bearing interest.

§ 35

1. If, after the KDPW_CCP Management Board adopts a resolution referred to in § 31 subpara. 2 but not later than the time that participants deposit the first contribution in the new fund in the amount referred to in § 33 subpara. 1, KDPW_CCP is informed of the occurrence of an event which justifies the use of assets of the Fund for its purposes, the liquidation of the Fund shall not be effected. In that case, participants shall deposit in the Fund replacement contributions according to § 21 subpara. 1 and 2 and, in the event referred to in § 22 subpara. 1, also additional contributions. KDPW_CCP shall immediately inform participants that the liquidation of the Fund is not effected.

2. The liquidation of the Fund shall not be effected either in the event that the liquidation of another fund securing the clearing of transactions organised by KDPW_CCP is not effected provided that

according to the rules of the new fund participants of the new fund were to be both participants of the Fund and participants of the fund whose liquidation was not effected.

3. The liquidation of the Fund shall be closed on the refund to participants or crediting towards contributions to the new fund of all assets of the Fund determined at the day of opening its liquidation.

4. In the event referred to in subpara. 1 or subpara. 2, the liquidation of the Fund shall require a new resolution of the Management Board referred to in § 31 subpara. 2 and a new liquidation process. The provisions of § 32 - § 35 shall apply accordingly to the new liquidation process.

CHAPTER IX

Amendments to the Rules

§ 36

1. Amendments to the rules may be made following agreement of their provisions by KDPW_CCP, the Warsaw Stock Exchange and BondSpot S.A.

2. Amendments to the rules shall come into force two weeks following the day that KDPW_CCP has provided participants who pay in contributions to the Fund with the text of the amended rules, unless the Management Board of KDPW_CCP sets a later date for their coming into force.

Appendix 1 to the Rules to of the WSE BondSpot ATS Guarantee Fund

Rules for determining the amount of contributions to the Fund

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 uncovered risk. Uncovered risk is the difference between the value of the maintenance margin calculated under the stress test parameters for positions at the end of day d and the value of the maintenance margin calculated actually contributed by the participant.

Uncovered risk is measured on the basis of:

- 1) the calculated value of margin requirements for securities;
- 2) the marking to market, which is the difference between the present market value of securities in all transactions covered by the Fund awaiting settlement and their transaction price;
- 3) parameters determined by KDPW_CCP, communicated for information of participants.

The first step consists of the calculation of daily uncovered risk for each transaction portfolio. A transaction portfolio means positions resulting from transactions concluded in the alternative trading system organised by the Warsaw Stock Exchange and concluded in the alternative trading system organised by BondSpot S.A., cleared by KDPW_CCP and covered by the Fund, which are settled using the same numbered account held in the relevant settlement institution.

Next, the value of each uncovered risk is combined to give the total daily uncovered risk, calculated for a participant holding the status of clearing member.

The final uncovered risk for a participant holding the status of clearing member is the smaller of the following two values: the maximum uncovered risk of the participant, calculated in a time period determined as a parameter; and the average uncovered risk of that participant in the same time period, increased by a standard deviation factor of 3.¹

The size of the Fund (limited by the minimum and maximum levels adopted by KDPW_CCP) is determined by the maximum value of the risk of default of the clearing member whose exposures are the highest or the second and third largest clearing members if the sum of their exposures is greater. If the Fund size so calculated is lower than the minimum size of the Fund or higher than the maximum size of the Fund, then the size of the Fund is determined by its minimum or maximum size, respectively. Contribution payment amounts are determined proportionally to the value of uncovered risk for each participant.

¹ Standard deviation - a parameter of variation in the population, the square average of differences between the values of a variable and their arithmetic mean.

Form no. 11 (Appendix 2 to the Rules of the WSE BondSpot ATS Guarantee Fund)

Template of the declaration of joining the Fund

.....
(place and date)

.....
(name/company name and
other data necessary to identify
the participant submitting
the declaration)

To:
KDPW_CCP S.A.
ul. Książęca 4
00-498 Warszawa

DECLARATION OF JOINING THE FUND

Considering that, under the status of clearing member which we hold, we intend to carry out operations in the scope of transactions concluded in the alternative trading system organised by the Warsaw Stock Exchange or/and in the alternative trading system organised by BondSpot S.A.,

we hereby represent as follows:

- 1/ we are acquainted with the Rules of the guarantee fund securing the clearing of transactions concluded in the alternative trading system organised by the Warsaw Stock Exchange and in the alternative trading system organised by BondSpot S.A. and we accept the provisions of the rules;
- 2/ we acknowledge the provisions of the rules and consider them to be binding, and in particular we agree to make contributions to the guarantee fund securing the clearing of transactions concluded in the alternative trading system organised by the Warsaw Stock Exchange and in the alternative trading system organised by BondSpot S.A. on the terms and conditions set out in the rules and to perform other obligations of a participant arising from the rules.

.....
(signature/s/ for the participant
as per the applicable
representation rules)