

ON-DEMAND LENDING GUARANTEE FUND RULES

Valid as of 21 February 2018

SECTION 1 GENERAL PROVISIONS

§ 1

1. These rules, hereinafter referred to as the “Rules”, define the procedures for the formation and use of the fund which guarantees the proper performance of obligations concerning the return of on-demand loans concluded in the negotiated lending system (“Fund”).
2. KDPW_CCP may manage the assets of the Fund.
3. Specific deadlines described in these Rules shall be used according to their definition in the Rules of Transaction Clearing (organised trading).
4. The provisions of § 6 of the Rules of Transaction Clearing (organised trading) shall be used to determine and calculate the deadlines set in the Rules.

§ 2

1. The Fund guarantees the performance of obligations arising from an on-demand loan concluded with the intermediation of the Central Securities Depository of Poland in the negotiated lending system within the scope of the return of loaned securities and the return of the required amount of collateral provided by the counterparties to the loan according to the provisions of the Rules of the Central Securities Depository of Poland described in Article 50 of the Law on trading in financial instruments and the performance of obligations arising from non-execution or undue execution of transactions to such extent.
2. The Fund is formed from contributions of participants holding clearing member status within the scope of on-demand loans referred to in subpara. 1.
3. The Fund consists of the basic resource and the reserve resource.
4. The Fund shall secure the performance of obligations arising from the return of on-demand loans concluded in the negotiated lending system under extreme but plausible market conditions, according to Appendix 1 to the rules.
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 § 8, 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 § 8, subpara. 2 times the number of Fund participants.

8. The minimum value and the maximum value referred to in subparas. 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 Fund shall be used for the following purposes:

1/ to cover the differences between the price of securities, if any, between a loan guaranteed by the Fund whose settlement has been suspended and 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 a transaction, securities are purchased or sold in order that the participant being the other clearing counterparty who has not caused the settlement to be suspended may receive payment,

2/ to meet the cash payment owed by the participant holding clearing member status which has not fulfilled the cash payment obligations arising from the return of a loan guaranteed by the Fund,

3/ to meet the cash payment towards the participant which has not caused the settlement of the transaction guaranteed by the Fund to be suspended in the amount set out in the Rules of Transaction Clearing (organised trading) replacing the cash or non-cash payment arising from the transaction,

4/ in other cases defined in the Rules.

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

SECTION 2

PAYMENTS, UPDATES AND ADJUSTMENT OF THE CONTRIBUTIONS TO THE FUND

§ 4

1. Participants make payments to the Fund through contributions consisting of:

1/ cash accepted by KDPW_CCP, or

2/ securities accepted by KDPW_CCP, which are Treasury securities, or

3/ accepted debt securities, which are denominated in EUR and issued by European Union Member States other than the Republic of Poland,

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

1a. Cash accepted by KDPW_CCP within the meaning of subpara. 1 is only cash deposited according to the terms defined in the provisions or the rules and a resolution of the KDPW_CCP Management Board adopted under the Rules, in the following currencies:

1/ PLN,

2/ EUR.

2. Subject to the provisions of subparas. 3 and 4, as well as the provisions of § 5, subpara. 3, § 6, subpara. 1, § 8, subpara. 3, and § 21, 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 § 6, subpara. 5, first sentence, the cash assets and securities paid in by the participants shall be counted separately for each of these contributions.

3. Securities paid into the Fund shall count towards the contribution only in part determined by the KDPW_CCP Management Board by means of 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 as a valid means of contribution.

4. The amount of the contribution paid in using securities shall be equal to the difference between their market value and the product of such market value multiplied by the haircut rate assigned to them, published by KDPW_CCP according to a procedure defined in a resolution of the KDPW_CCP Management Board. KDPW_CCP shall determine the haircut rate of a security taking into account its type, the risk of change of its market value, and its liquidity.

5. The market value of securities shall be determined according to the provisions of § 72 of the Rules of Transaction Clearing (organised trading).

6. The updated market value of securities, referred to in subpara. 1, points 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.

7. KDPW_CCP shall determine the haircut rate of a security and cash in EUR taking into account its type, the risk of change of its market value, and its liquidity.

8. The value of the haircut shall be updated daily by KDPW_CCP, on the days when KDPW_CCP performs the clearing of transactions. Changes to the value of the haircut performed as part of the update shall also have a bearing on securities and cash in EUR contributed to the Fund prior to the update.

9. Haircuts for specific securities may be set at 100% level.

10. The provisions of the Rules of Transaction Clearing (organised trading) shall apply in matters concerning the contribution of cash and securities to the Fund, as well as their return, not governed by the rules.

§ 4a

1. The rights arising from the registration of securities referred to in § 4, subpara. 1, point 3, on the securities account referred to in § 5, subpara. 1, point 2 shall be governed by the applicable legal provisions of the state where the securities account is managed. The KDPW_CCP Management Board shall indicate, in a resolution, the state where such securities account, on which securities referred to in § 4 subpara. 1, point 3, is managed.

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

1/ the applicable legal provisions of the state referred to in subpara. 1 ensure effective payment of such securities as contributions into the Fund and enable their use with priority over third parties in cases referred to in the Rules and the Rules of Transaction Clearing (organised trading) and in accordance with the provisions of such Rules,

2/ the provisions of the Rules and the Rules of Transaction Clearing (organised trading) concerning the payment of such securities as contributions into the Fund and their use in cases referred to in the Rules are consistent with the applicable legal provisions referred to in subpara. 1.

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

1/ KDPW_CCP may make the acceptability of payments in such securities dependent on additional actions to be taken by the participant, as indicated by the Management Board of KDPW_CCP in a resolution, in order to ensure that the payment of such securities as contributions to the Fund is effective and to enable their use with priority over third parties in cases referred to in the Rules and the Rules of Transaction Clearing (organised trading) and in accordance with the provisions of such Rules;

2/ actions related to the establishment or return of such securities may be taken through the entity which operates the relevant depository system for such securities, under an agreement concluded with it by, respectively, KDPW_CCP, the participant or its collateral agent;

3/ the value of the contribution to the extent of such securities may be calculated and updated through an entity which operates the relevant depository system for such securities, which has concluded an agreement with KDPW_CCP, taking into account the haircut rate assigned to such securities, published by KDPW_CCP.

4. If a clearing member contributing securities to the Fund concludes an agreement with another entity in order to cause the contribution or return of such securities, it shall ensure that the provisions of the agreement are not in contradiction with the provisions of the rules and of resolutions of the Management Board of KDPW_CCP adopted under the rules.

§ 5

1. The securities referred to in § 4, subpara. 1, points 2 and 3, paid into the Fund by participants shall be registered, respectively:

1/ for securities referred to in § 4, subpara. 1, point 2 – on the securities account managed by the Central Securities Depository of Poland for KDPW_CCP,

2/ for securities referred to in § 4, subpara. 1, point 3 – on the securities account managed 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 paid in as follows:

1/ for cash assets - by means of a debit of the bank account in the relevant clearing bank or in TARGET2 managed 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 rules issued by the Central Securities Depository of Poland, defining the rules for the management 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 such securities onto the securities account referred to in subpara. 1, point 2, according to the principles described in the rules issued by the entity indicated by the KDPW_CCP Management Board in a resolution, which define the terms of operation of the relevant depository system for such instruments and of the clearing of transactions, subject to § 4a subpara. 3 point 2.

3. Instructions sent to the Central Securities Depository of Poland in order to transfer securities referred to in § 4, subpara. 1, point 2 paid into the Fund directly by a clearing member making contributions or paid into it via its settlement agent, onto the securities account managed by the Central Securities Depository of Poland for KDPW_CCP, shall indicate that the transferred securities shall count towards a contribution to the Fund and shall be sent according to the regulations referred to in § 2, subpara. 2.
4. Subject to § 4a subpara. 3 point 2, the Management Board of KDPW_CCP shall define in a resolution the detailed terms of contributing securities to the Fund as well as the detailed terms of their return.
5. Securities contributed to the Fund in the way referred to in subparas. 3 and 4 shall not count towards other contributions made by the participant to the basic resource of the Fund referred to in § 1, subpara. 1.
6. Cash in EUR shall be paid as contributions into the Fund and returned on the basis of instructions sent by the participant, and returned to the bank account indicated according to § 20, subpara. 2, point 3 of the Rules of Transaction Clearing (organised trading).

§ 6

1. A participant shall join the Fund upon the performance of the obligations referred to in subpara. 1-6.
2. A participant 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 not later than the day of joining the negotiated lending system by the participant or the entity which the participant shall represent as a clearing member in the clearing system but not later than two days prior to the day of the commencement of the activities of the participant or entity in the system.
3. A participant intending to hold the status of clearing member for transactions guaranteed 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 to such extent.
4. The amount of the first contribution paid shall equal the minimum contribution determined according to the provisions of § 8, subpara. 2.
5. A participant holding the status of clearing member to the extent of transactions guaranteed by the Fund, however for more than one type of activity determined according to § 11, subpara. 3, points 1-4 of the Rules of Transaction Clearing (organised trading), shall make separate contributions for each type of activity. The provisions of subparas. 1, 2 and 4 shall apply accordingly to each of such separate contributions.
6. Before making the first separate contribution referred to in the first sentence of subpara. 5 into the basic resource of the Fund, the participant shall indicate to KDPW_CCP in writing the type of activity determined according to § 11, subpara. 3, points 1-4 of the Rules of Transaction Clearing (organised trading) for which it intends to make the contribution.

§ 7

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. The update of the contribution is performed for the first time, respectively, on the date on which the participant or the entity which the participant shall represent as a clearing member in the clearing system will commence conclusion of loans in the negotiated lending system or on the date that the participant acquires the status of clearing member for loans concluded in the system by another entity following a change of participant holding this status.
4. Separate contributions made by the participant according to § 6, subpara. 5, first sentence shall be updated separately.

§ 8

1. The update of the contributions shall be performed according to the principles described in Appendix 1 to the Rules.
2. The amount of the contribution to the basic resource of the Fund, including the amount of the separate contribution referred to in § 6, subpara. 5, first sentence, 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 cases specially justified by reasons of safety of trading and transaction clearing, the KDPW_CCP Management Board in a resolution may oblige all or some participants holding the status of clearing member for loans guaranteed by the Fund to pay in contributions in a specific amount other than the amount determined according to subparas. 1 and 2 and decide that such contributions may be paid in in a form other than provided for in the Rules.

§ 9

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 as part of the participant's contribution is higher or lower than the market price of the securities at the time of the last payment of the participant's contribution.
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 update adjustment of the contributions shall be defined by the KDPW_CCP Management Board by means of a resolution.
3. The debits and credits of the participant making separate contributions to the basic resource of the Fund according to § 6, subpara. 5, first sentence, resulting from the adjustment of contributions, shall be determined separately for each contribution made by the participant for each type of activity of the participant determined according to § 11, subpara. 3, points 1-4 of the Rules of Transaction Clearing (organised trading).
4. The adjustment of the contribution shall be made by participants paying in a supplementary contribution to the basic resource of the Fund, or following a refund of part of the participant's contribution.

5. A refund of 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 § 5, subpara. 2, point 1, subject to § 5 subpara. 6. The amount of the refund shall not be higher than the surplus over the limit of the participant's contribution, which according to the provisions of § 4 subpara. 3 must remain in cash form.

6. A participant's debits and credits as a result of the adjustment of contributions to the Fund shall be offset (netted) with the participant's debits and credits arising from participation in the clearing system operated by KDPW_CCP.

§ 10

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 loans guaranteed 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 shall perform 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 subparas. 2 and 3 addressed to a participant making separate contributions referred to in § 6, subpara. 5, first sentence, shall be made available separately for each such contribution.

§ 11

1. A participant shall pay the supplementary contribution when this contribution consists of cash assets by 08:30 hours on the day following the day when the information referred to in § 10, 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 or transaction clearing safety, the Management Board of KDPW_CCP may, by means of a resolution, designate separate deadlines for each update.

2. 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 § 10, subpara. 2 or 3 was made available, they were registered, respectively:

1/ for securities referred to in § 4, subpara. 1, point 2 - on the securities account referred to in § 5, subpara. 1, point 1,

2/ for securities referred to in § 4, subpara. 1, point 3 - on the securities account managed for KDPW_CCP in the relevant depository system for such securities, indicated by the KDPW_CCP Management Board in a resolution.

3. An adjustment consisting in a refund of part of the contribution paid in by the participant shall be suspended if a situation arises such that participants are obliged to pay in replacement or additional contributions referred to in § 20, subparas. 1 and 2, and in § 21, subparas. 1-3.

SECTION 3 WITHDRAWAL OF SECURITIES

§ 12

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 the depository system operated, respectively, by the Central Securities Depository of Poland or the entity referred to in § 5, subpara. 2, point 3, to transfer securities from the securities account referred to in § 5, subpara. 1, in accordance with the contents of the instruction referred to in subpara. 1, on the day following the day of its receipt, on condition that:

1/ the participant has performed the 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 hours 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 § 10, subpara. 2 and 3 shall not include the value of the securities which are to be withdrawn in accordance with the instruction.

§ 13

1. A participant shall be obliged to withdraw securities 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 the principle described in subpara. 1 from the securities account referred to in § 5, subpara. 1, point 1 or 2, respectively, onto the account from which the securities were paid into the Fund.

SECTION 4 RESERVE RESOURCE OF THE FUND

§ 14

1. The reserve resource of the Fund consists of:

1/ revenue from the investment of cash assets paid into the basic resource in the Polish currency, and

2/ assets described in § 20, 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 the participant who has paid these securities to the Fund, on the day the entitlements are received, in the amount due, less any relevant taxes withheld before their receipt. However, if prior to the payment of the entitlement, a participant is obliged to make a contribution, described in § 20, subparas. 1 and 2 or § 21, subparas. 1-3, and the participant does not perform this obligation within the necessary deadline, these entitlements shall be reassigned as contribution to the basic resource in an amount equal to the value of the contribution.

3. If a participant does not perform the obligations described in § 13, 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. KDPW_CCP shall be entitled to retain all proceeds from the management of the cash resources of the Fund in EUR, if any.

§ 15

1. The share of a participant in the revenue generated by the investment of assets from the basic resource in the Polish currency and of assets from the reserve resource, referred to in § 14 subparas. 1-3, shall be proportional to the participant's share in the basic resource in such currency and share in the reserve resource, respectively, subject to the provisions of subparas. 2 and 3.

2. The share in the revenue described in subpara. 1 of a participant making separate contributions referred to in § 6, subpara. 5, first sentence, shall be determined separately for each such contribution.

3. The share of a participant in the assets described in § 20, subpara. 4 shall be proportional to that participant's share in the basic resource.

§ 16

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 § 20, subparas. 1 and 2 or § 21, subparas. 1-3. In such instances, participants' shares in the reserve resource shall be applied to contributions to the basic resource.

SECTION 5 USING THE ASSETS OF THE FUND. REPLACEMENT AND ADDITIONAL CONTRIBUTIONS

§ 17

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.

§ 18

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 in an amount equal to the current market value of the securities determined while applying the haircut rate, referred to in § 4, subpara. 4. The declaration should indicate the number of securities that are to be replaced, along with their identifier. The replacement shall take place on condition that the cash available on the bank account referred to in § 5, subpara. 2, point 1 is sufficient to replace the securities indicated in the participant's declaration.

§ 19

1. Disbursement of the assets of the Fund 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 § 17, shall not be used and may be withdrawn by the participant, while applying the provisions of § 12.

§ 20

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, while applying the principles set out in § 15, subpara. 2.
2. Replacement contributions shall be paid in up to the amount of the difference between the used part of the Fund and 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 necessary assets 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. Cash paid into the Fund according to the provisions of § 59, subpara. 5, § 60, subpara. 4, and § 64, subparas. 7 and 8 of the Rules of Transaction Clearing (organised trading) shall be allocated to the reserve resource of the Fund; however, where such assets are in a currency other than the Polish currency, KDPW_CCP may convert them into the Polish currency at the market exchange rate at the date of the conversion prior to allocating such assets to such resource.

§ 21

1. If the own resources of KDPW_CCP fall to 110% of the determined amount of the capital requirement due to actions of KDPW_CCP taken in order to ensure that an obligation arising from the clearing of a transaction accepted to the clearing system are met, participants holding the status of clearing member for loans guaranteed by the Fund shall make additional contributions in proportion to the amount of

their existing contributions to the basic resource of the Fund resulting from the most recent performed update.

2. The amount of the additional contribution which the participant may be required to make in the event referred to in subpara. 1, shall be not more than 50% of the total amount of the participant's existing aggregate contributions to the basic resource of the Fund, resulting from the most recent performed update (maximum amount of additional contribution).

3. Additional contributions shall be paid in only in cash within a time limit set by KDPW_CCP, which shall be not earlier than the day following the day of requiring the payment of such contributions. The KDPW_CCP Management Board may decide by way of a resolution that additional contributions shall be made in instalments whose amount shall be set in such resolution.

4. In the event referred to in subpara. 1, contributions shall be updated taking into account the additional contribution that the participant has been called to pay. The additional contribution referred to in subpara. 1 shall be maintained by the participant until the next update after restoring a situation where the own resources of KDPW_CCP exceed the determined amount of the capital requirement.

SECTION 6

CONSEQUENCES OF TERMINATION, CHANGE OR SUSPENSION OF PARTICIPATION OR PARTICIPANT ACQUISITION

§ 22

1. In instances when participant status is terminated or limited to the extent that it involves the loss of clearing member status for loans guaranteed by the Fund referred to in § 1, subpara. 1, 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, as at the day of the refunding of the assets. 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 guaranteed 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 guaranteed by the guarantee fund referred to in § 1, subpara. 1.

3. If the participation status of a participant making separate contributions referred to in § 6, subpara. 5, first sentence, is limited to the extent of contributions made by the participant for an activity of a given type while at the same time the participant's participation status is maintained to the extent of contributions made for an activity of another type, the principle set out in subpara. 1 shall apply only to the amount of the former contributions and the corresponding share in the reserve resource provided that KDPW_CCP shall not refund securities and shall refund cash up to the amount of cash assets assigned to the participant's contribution to be refunded as at the date of the most recent adjustment of the participant's contributions but only to the extent that such assets did not have to be used. In that case, the participant may withdraw securities whose market value is equal to the amount of the participant's contribution to be refunded which was not refunded to the participant in cash as at the

date of the most recent adjustment of the participant's contributions, and if used – as at the date 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 taken over. In such instances, assets paid into the Fund by the participant being taken over and that participant's share in the reserve resource shall be allocated to the acquiring participant, or

2/ limitation of participation status is caused by the acquisition of a participant by another entity, assuming the participant's rights within a specified scope, and the procedure described in the second sentence of point 1 shall be applied to contributions to the basic resource and to the share of the reserve resource of the participant being taken over.

§ 23

1. Subject to the provisions of subparas. 2 and 3, refunds of the assets referred to in § 22, subpara. 1 shall be made within a period of 7 days following the performance of the obligations referred to in § 22, subpara. 2.

2. The refund of entitlements from securities shall take place on the day these entitlements have been received, subject to § 22, subparas. 1 and 2.

3. In the event referred to in § 22, subpara. 3, second sentence, securities may be withdrawn not earlier than set out in subpara. 1. The provisions of § 12, subparas. 2 and 3 shall apply.

§ 24

The contribution made by a participant to the basic resource of the Fund referred to in § 1, subpara. 1 shall not be subject to updates during the period of the suspension of its participation status, however, it shall be used and replenished, in accordance with general principles, up to the level of contribution on the day of suspension of the participation status.

§ 25

In instances of restitution of a participant's participation status 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 § 6, subpara. 4.

§ 26

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 takeover, subject to the provisions of § 27.

§ 27

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 taken over, 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 taken over shall only apply in the scope of the takeover.

§ 28

Extension of the participation status to the type of representative where the participant already acts with this participation status type but to the extent of loans guaranteed by the Fund concluded by another entity shall not require the payment of the contribution referred to in § 6, subpara. 1.

SECTION 7 REPORTING

§ 29

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