

POSITION AND ASSET SEGREGATION AT KDPW_CCP

Clearing accounts – position segregation

Position segregation at KDPW_CCP is strictly connected with the structure of the system of clearing accounts and their application. Clearing accounts have their unique characteristics depending on whether the entries made on these accounts apply to the registration of positions in organized or OTC trading.

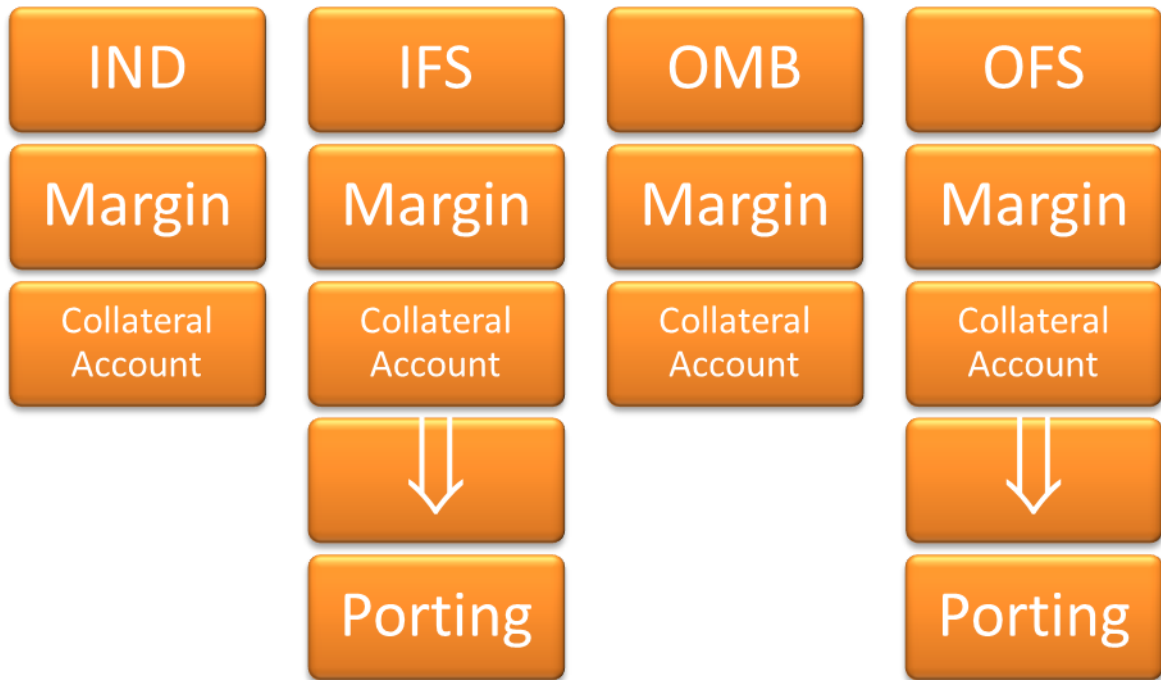


Clearing members' house accounts are always of individual accounts' (IND) nature. On house accounts only the clearing member's positions are registered.

Clients' positions can be registered on the following clearing accounts:

- individual (IND) in the case of clearing transactions of an individual client with whom KDPW_CCP has no contractual relation,
- individual with full segregation (IFS) in the case of clearing transactions of an individual client who concluded a participation agreement with KDPW_CCP for a membership type – non-clearing member (NCM),
- omnibus (OMB) in the case of clearing on one account transactions of many clients with whom KDPW_CCP has no contractual relation,
- omnibus with full segregation (OFS) in the case of clearing on one account transactions of many clients who concluded participation agreements with KDPW_CCP for a membership type – non-clearing member (NCM).

Calculating margins



For each clearing account a separate margin requirement is calculated. Moreover, for each clearing account a separate collateral account is established.

However, provided a given client has two or more clearing accounts on which the clearing of his transactions is carried out, the margin requirement is calculated separately for each clearing account, but collateral is registered on one collateral account maintained for this client.



Collateral posted to a given collateral account cannot be used for covering margin requirement related to a different collateral account. Positions and collateral registered on individual accounts with full segregation and on omnibus accounts with full segregation can be transferred on demand of clients who are non-clearing members of KDPW_CCP to a different clearing member if their clearing member has defaulted and they have concluded an appropriate agreement with the clearing member taking over their positions and collateral.

A clearing member can decide about aggregating positions from a few clearing accounts into one aggregated account. As a result of the aggregation, positions from all these clearing accounts are treated as if they were registered on one account. Due to this the margin requirement is calculated based on netted positions on the aggregated account.



Aggregated accounts (AGGR) are not clearing accounts and are created by means of indicating clearing accounts undergoing aggregation. Accounts can only be aggregated within one ownership type. There are no restrictions as to the “depth” of aggregation (each aggregated account can be a basis of another aggregation).

It is possible to create aggregated accounts to which only individual clients’ accounts or only omnibus clients’ accounts belong, as well as to combine individual and omnibus accounts in one aggregated account. For the purpose of aggregation also individual and omnibus accounts with full segregation can be used.

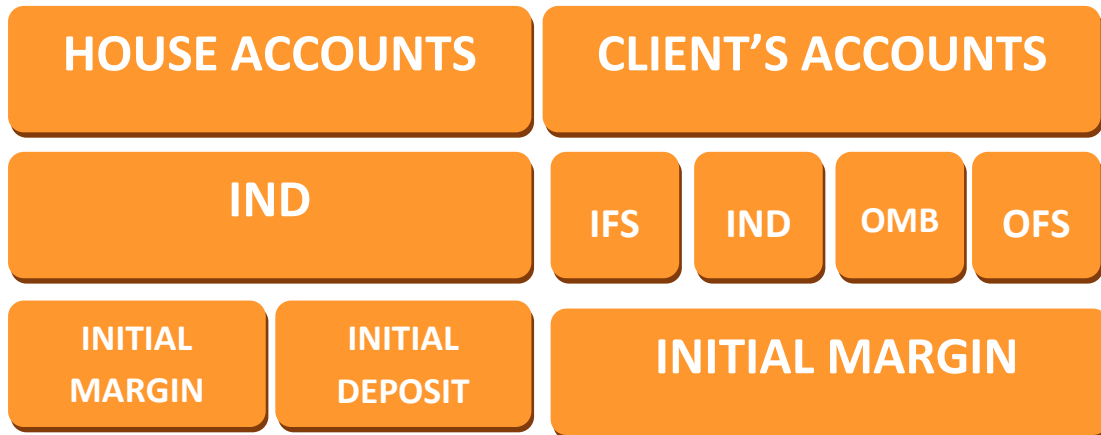
The influence of account aggregation on the possibility to transfer positions and collateral to a different clearing member is as follows:

- if an aggregated account comprises clearing accounts of IND or OMB type – there is no transfer possibility,
- if an aggregated account comprises exclusively clearing accounts of IFS or OFS type –the transfer is possible provided the same order has been placed by all clients (NCMs) who have clearing accounts comprising the aggregated account and under the condition that an equivalent structure of clearing and aggregated accounts is reproduced at the clearing member taking over positions and collateral of these clients.

Collateral accounts are maintained by KDPW_CCP within so called Collateral register. Posting collateral to collateral accounts takes effect through making proper payment to the account run for KDPW_CCP by KDPW in NBP (National Bank of Poland) for clearing purposes in the case of cash or through a transfer of securities to a proper KDPW_CCP account run by KDPW.

Assets posted as collateral

Currently in KDPW_CCP one can find the following collateral types posted by clearing members:



The minimum ratio of cash to securities posted by clearing members depending on the collateral type amounts to:



Portability – transfer of clients' positions to a different clearing member

In the case of a clearing member's default, a non-clearing member of KDPW_CCP can place an order to transfer positions and assets contributed as initial margin to a different clearing member. For this purpose, within the timeframe defined by KDPW_CCP, the NCM places a written order concerning these positions and assets which also indicates a different clearing member to whom they are to be transferred. Simultaneously, the clearing member to whom the positions and assets are to be transferred places an order in which he expresses acceptance to take over these positions and assets of the NCM. KDPW_CCP carries out the order of positions and assets' transfer as soon as it receives appropriately matching and complete orders.

Costs connected with asset segregation

KDPW_CCP does not charge any fees for maintaining clearing accounts, regardless of the segregation level chosen by a clearing member for a given client.

KDPW_CCP charges an annual fee of 10,000 PLN from each entity holding a non-clearing member status.