KDPW

Default accounts

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Key information on default accounts in KDPW:

1. The default account is an entity account for:
   - settlements in securities, other than derivatives, on the basis of evidence that does not indicate the number of the entity account relevant for the operations specified therein,
   - record entries resulting from transactions in financial instruments other than securities, on the basis of KDPW_CCP's instructions issued based on a document from the market containing the terms of such transactions, if the content of such instructions does not make it possible to determine the number of the entity account relevant for the operations specified therein;
2. It is mandatory to indicate at least one default account of each participant for the respective type of activity (i.e. per institution code /counterparty code).
   In addition, each participant may specify a second account ID: in this case, one account ID will be used for the organised market and the other account ID for the non-organised market;

3. The function of a default account for a given type of activity may be performed only by an entity account maintained depending on the type of activity, i.e.:

− for direct participants conducting brokerage activity, in the participation type: brokerage house, brokerage house - own account, depositor - brokerage house, or representative (settlement agent),

− for direct participants conducting custody or brokerage activity without executing orders to buy or sell securities for the client's account, in the participation type: custodian, custodian - own account, or representative (settlement agent),

− for direct participants holding an omnibus account with KDPW and conducting business outside the territory of the Republic of Poland involving the registration of securities recorded in such account on behalf of other entities, in the participation type: foreign custodian;

− for direct participants operating a clearing house, in the participation type: clearing house,

− for direct participants conducting other activities, in the participation type: depositor;

4. A direct participant may also indicate to KDPW an entity account maintained for it under the participation type: representative (settlement agent), which is to be used as the default account for the settlement of transactions concluded in organised trading by the entity represented in settlement by that participant. If a direct participant indicates both an account referred to in point 2 and in the previous sentence, the relevant default account for the settlement of transactions concluded in organised trading by the entity is the entity account maintained for the participant under the participation type: representative;

5. Direct participants indicate the default account in writing;

6. If a direct participant fails to indicate an entity account to be used as the default account or revokes such indication and fails to indicate a new account, KDPW may select entity accounts to be used as default accounts under particular types of activity of the participant for the settlement of transactions in organised trading to the extent that the provisions of point 4 cannot be applied to them. Immediately after making such selection, KDPW informs the participant thereof via ESDI;

7. Where the counterparty is a Remote Exchange Member, the default account is indicated by the representative (settlement agent). If no account is indicated, the default account is selected by KDPW;

8. If the counterparty is an indirect participant, the indirect participant indicates the representative (settlement agent) and the representative indicates the default account for that counterparty. If no account is indicated, the default account is selected by KDPW;

9. With the default account function, the full details of the representative's entity account in the instruction or order need not be filled in. It is sufficient to provide the institution code and the KDPW system will complete the default account data;

10. If, as a result of settlement at KDPW, a default account is credited with securities and it is not the relevant account, the participant is required to cause the securities to be transferred from the default account to the entity account or accounts maintained under the type of participation relevant for such settlement no later than by the end of the day of the settlement. In that case, the participant may not record the securities in the omnibus accounts until the securities have been transferred from the default account to the account(s) maintained under the type of participation relevant for such settlement. The participant may also indicate the relevant entity account for the settlement before the settlement takes place, by enriching the settlement instruction.