

A RESOLUTION
OF THE KDPW MANAGEMENT BOARD
OF 18 JANUARY 2022

ON AMENDMENTS TO THE
KDPW DETAILED RULES OF OPERATION
AND
THE KDPW REGISTRATION PROCEDURES

Acting in accordance with § 2 subparas. 1, 3 and 4 of the KDPW Rules, the KDPW Management Board has resolved the following:

§ 1

To make the following amendments to the KDPW Detailed Rules of Operation, approved on the basis of Resolution No. 655/17 of the KDPW Management Board of 28 September 2017 (as amended):

1/ § 10 subpara.1 shall be amended as follows:

“1. Participants shall keep securities registers using IT systems.”;

2/ In § 11, subpara. 7 shall be added as follows:

“7. In its daily report, a participant shall also provide information described in § 55 subpara 1 point 1 of the KDPW Rules, on the lack of reconciliation between the balances on entity accounts managed in KDPW with balances on the corresponding securities and omnibus securities accounts, where the balance on the entity accounts in KDPW is smaller than the balance on the corresponding securities and omnibus securities accounts managed by the participant.”;

3/ In § 28, subpara. 1 point 5b shall be amended as follows:

“b/ for an order for a transaction, which can be executed either in the multi-batch system or in the real-time settlement system:

- if the settlement operation involves cash payments – this means that the multi-batch system is indicated;
- if the settlement operation is free of payment – this means that the real-time settlement system is indicated;”;

4/ In § 29, subpara. 2 shall be amended as follows:

“2. Settlement instructions relating to operations referred to in § 2 item 1a of Annex 2 shall also be deemed to be matched in instances where one of these instructions shall indicate the market code assigned to this operation and the second instruction does not indicate any market code.”;

5/ In § 33:

a/ subpara. 1 shall be amended as follows:

“Direct participants shall submit a request, described in § 93 subpara. 1 or 2 of the KDPW Rules, by introducing a technical instruction into the depository system indicating explicitly the settlement order which is not intended to be sent for settlement execution, or shall consist of indicating in the contents

of that participant's settlement order that it is to be withheld ("put on hold") from settlement execution.";

b/ subpara. 2 shall be repealed.

6/ In § 36, subpara. 1 shall be amended as follows:

"1. Subject to the provisions of subpara. 3 and 4, settlement orders on the basis of which the settlement of transactions concluded on trading systems is performed in the depository system should be introduced into the depository system by 10.30 a.m. on the intended settlement date. Other registration certificates may be introduced into the depository system not later than the commencement of the settlement session on the intended settlement date where the settlement defined in those certificates may be carried out, and if settlement is to be carried out in the real-time settlement system – not later than before the completion of the settlement of operations of a given type in that system on the intended settlement date.";

7/ In § 37, subpara. 2 shall be repealed;

8/ In Part Two, entitled "The Securities Settlement System", Section 3 shall be repealed.

9/ In Part Two, entitled "The Securities Settlement System", § 113a shall be added after § 113 in Section 9 as follows:

"§ 113a

1. Securities transferred from registration accounts or onto registration accounts kept for a participant as a result of an error, as well as securities transferred onto registration accounts managed for a participant, if the participant has not previously received documents confirming the right of registering these securities onto the securities account or omnibus securities account kept by that participant, shall be registered in the participant's securities accounting system on the offsetting accounts, referred to in § 110 subpara. 1.

2. In instances referred to in subpara. 1, the provisions of § 110 subpara. 2 shall apply accordingly.";

10/ In Part Two, entitled "The Securities Settlement System", Section 12 shall be added as follows:

"Section 12

Cash penalties for failure to perform timely settlement of transactions for the reasons referred to in § 136a subpara. 1 of the KDPW Rules

§ 115b

For the purposes of this Section, a PBD day (Penalties Business Day) shall be understood to mean any day that does not fall on a Saturday or a Sunday and does not fall on January 1 or December 25 of a given calendar year.

§ 115c

1. Cash penalties shall be rounded up to two decimal places.

2. An appeal may be filed against a cash penalty charged by KDPW within 10 PBDs following the end of the month in which KDPW applied the specific cash penalty. However, with respect to the adjustment resulting from the corrected daily cash penalties report provided to the participant on the last day of that period, provided that the adjustment was performed as a result of allowing the appeal submitted by another participant, the appeal may be submitted before the first business day, other than Saturday, following the expiry of the this term.

3. If the 10th PBD falls on a day recognized as a non-working day under the law, an appeal may be submitted before the last working day, which is not a Saturday, prior to that day, subject to the provisions of the second sentence of subpara. 2.

§ 115d

1. The reports referred to in § 136c subpara. 4 of the KDPW Rules shall be submitted by KDPW on the 14th PBD following the end of the calendar month to which they relate.
2. If the date determined in accordance with the principle described in subpara. 1 falls on a day recognized as a non-working day under the law, the monthly report shall be submitted on the last working day, other than a Saturday, prior to that date.

§ 115e

Amounts liable and receivables of direct participants due from cash penalties and deriving from instances referred to in § 136b subpara. 1 and 2 of the KDPW Rules, that need to be paid by a given date, are calculated separately for payments in PLN and for payments in EUR.

§ 115f

1. Payment of amounts liable and receivables, referred to in § 115e, calculated for the period of a given calendar month, shall be settled on the 17th PBD following the end of that month.
2. If the date determined in accordance with the principles described in subpara. 1 falls on a day recognized as a non-working day under the law, the payment, referred to in subpara. 1, shall take place on the first working day, other than a Saturday, following that date.
3. A direct participant shall be obliged to make available on its cash account the funds necessary for the performance of its obligations deriving from a given payment settlement, referred to in subpara. 1, no later than by 11.00 on the day determined in accordance with the provisions of subparas. 1 and 2.
4. The recalculation referred to in § 136e subpara. 1 of the KDPW Rules shall relate to participants' amounts liable and receivables expressed in the currency for which a shortage of funds has been determined on the participant's cash account.”;

11/ In § 118, subpara. 1 shall be amended as follows:

“1. Participants being issuers of shares, investment certificates, structured certificates, bonds, mortgage bonds, or other debt securities, registered in the depository, conferring the right to interest payments, or subject to redemption by the issuer, as well as direct participants performing activities within the participation type of payment agent, shall be obliged to gain access to the Entitlement Payment application, described in the provisions of Section 2, Section 3 and Section 6 of this Part, available on the KDPW website and used for communicating with KDPW by electronic means in connection with the processing of entitlements from these securities.”;

12/ In § 120a, subpara. 2 shall be amended as follows:

“2. The provisions of § 121 subpara.1, in relation to § 132 subpara.1 and § 134 subpara. 2 shall also apply in instances where the payment to be executed at a given deadline is to be processed without KDPW being used as intermediary, as well as in instances where the payment is not to be processed within this deadline.”;

13/ § 133 shall be repealed;

14/ In § 134, subpara. 1 shall be amended as follows:

“The provisions of this paragraph shall apply where day D is the same day for all securities assigned with such a code.”;

15/ In § 135:

a/ subpara. 2 shall be repealed;

b/ subpara. 4 shall be repealed;

c/ subpara. 5 shall be amended as follows:

“5. Together with the redemption orders for securities registered on securities accounts managed for them in KDPW, participants shall provide KDPW, not later than day Z+2, with any information and documents which could impact KDPW’s performance of the obligations of withholding agent of the corporate income tax arising in connection with the payment of such entitlements to foreign tax residents, including documents confirming that the right not to withhold the tax or to use a tax rate different than the basic rate while for discounts, confirming the price of the securities purchase in primary or secondary trading by the taxpayer, or the taxpayer’s inheritor or donor, prepared in writing or in other format as required under the applicable provisions of tax law.”;

d/ subpara. 7 shall be repealed;

16/ § 136 shall be repealed;

17/ § 137 subpara. 1 shall be amended as follows:

“1. The provisions of this paragraph shall apply in instances of voluntary early redemption of securities other than the redemption described in § 135 subpara.1, performed on the basis of the declarations of entitled holders of those securities.”;

18/ § 138 shall be amended as follows:

“§ 138

1. KDPW shall process a reduction of the number of securities presented for early redemption on a given date on the basis of information contained in instructions sent by direct participants in accordance with the provisions of § 137 subpara. 8.

2. If the total number of securities presented for early redemption on a given redemption date is higher than the maximum number of securities indicated in accordance with the provisions of § 137 subpara. 2, the reduction of the presented securities shall take place according to the following principles:

1/ the reduction shall be made in proportion to the number of securities presented for voluntary early redemption from each securities account and each omnibus securities account;

2/ the reduction rate shall be determined in such a way that its application ensures the redemption of the highest possible number of securities presented from each securities account and each omnibus securities account, while avoiding a situation where the number of securities presented for redemption to the issuer is higher than the maximum number of securities indicated by the issuer or the payment agent,

3/ fractions of securities resulting from the application of the reduction rate referred to in point 2 shall be ignored,

4/ if the number of securities eligible for early redemption determined according to points 1-3 is lower than the maximum number of securities indicated by the issuer or the payment agent, one security shall be added to each reduced block of securities individually presented for early redemption from each securities account and omnibus securities account, in the order from the largest to the smallest block, until the number of securities eligible for early redemption is equal to the maximum number of securities indicated by the issuer or the payment agent,

5/ if it is not possible to increase all reduced blocks of securities individually presented for early redemption from each securities account and omnibus securities account in the manner described in

point 4, and in particular if individual blocks contain the same number of securities, the block to be increased shall be selected at random.”;

19/ In § 139, subpara. 17 shall be repealed;

20/ In § 142:

a/ subpara. 2 shall be repealed;

b/ subpara. 8 shall be repealed;

21/ In § 143, subpara. 1 shall be amended as follows:

“1. Participants for which KDPW manages omnibus securities accounts may, in order to recover on behalf of taxpayers entitled from securities registered in such accounts in whole or in part the amount of income tax withheld by KDPW on the basis of information or documents delivered within the deadline defined in § 134 subpara. 9, shall provide KDPW, not later than the second business day of the calendar month following the month of payment of the entitlement, with data or documents concerning taxpayers not disclosed on the list referred to in § 134 subpara. 9, together with information indicating the number of securities owned by each of them at the end of day D, or additional data or documents concerning taxpayers disclosed on the list (quick refund). The data concerning such taxpayers and information concerning their holding balances shall be provided by participants in the form of an additional list of persons entitled to interest / discount, and such list should additionally include the data of all such taxpayers disclosed on the list referred to in § 134 subpara. 9, for which KDPW withheld the tax without any tax credit or exemption. The provisions of § 134 subpara. 9 shall apply accordingly to the additional list of persons entitled to interest / discount and to any documents provided together with the list.”;

22/ In § 168, subpara. 2 shall be amended as follows:

“2. The issuer shall provide KDPW with an application for the conclusion of an agreement for the registration of shares of a new issue, together with the documents required for the conclusion of the agreement, within two weeks of the submission of the declaration referred to in subpara. 1.”;

23/ In Part Three entitled “The processing of issuers’ obligations, services related to the organisation of general meetings and to voting by management or supervisory boards, as well as services related to shareholder identification”, Section 8 shall be entitled “Redemption of structured certificates”;

24/ § 180 shall be amended as follows:

“§ 180

1. Whenever the provisions of this Section refer to day S, this shall mean the date when the issuer determines the final redemption price of structured certificates marked with a given code number. Days following day S shall be referred to as S+n, where n is the number of days following day S.
2. Day D shall be no earlier than the second day after day S.
3. Day W shall be no earlier than the second day after day D.
4. The issuer shall provide KDPW with written information on day S, day D and day W not later than 2 days prior to day D.
5. An issuer may provide the information referred to in subpara. 4 to KDPW in a format other than in writing if previously agreed with KDPW.” ;

25/ § 181 shall be amended as follows:

“On day S+1, by 6.00 pm, the issuer shall provide KDPW with information on the final redemption price of the structured certificates.”;

26/ In § 182:

a/ subpara. 2 shall be amended as follows:

“2. At the end of day D, KDPW shall provide direct participants with information on structured certificate account balances and the attributable redemption amount.”;

b/ subpara. 4 shall be amended as follows

“4. On day D + 1, KDPW shall inform the issuer of the aggregate redemption amount to be provided to KDPW for the redemption of structured certificates.”;

27/ § 183 shall be amended as follows:

“§ 183

On day W, by 11.30 a.m., the issuer of the structured certificates shall be obliged to make available to KDPW, on the relevant KDPW bank account, with the redemption amount to be paid out. This amount shall be allocated and transferred onto the cash accounts of participants according to the balances referred to § 182, subpara.1, however, ignoring structured certificates covered by a waiver of payment referred to in § 182, subpara. 1a.”;

28/ § 184 shall be amended as follows:

“§ 184

On day W, KDPW shall remove the redeemed structured certificates from registration accounts managed in KDPW.”;

29/ In Part Three entitled “The processing of issuers’ obligations, services related to the organisation of general meetings and to voting by management or supervisory boards, as well as services related to shareholder identification”, in Section 8, § 184a shall be added after § 184 as follows:

“§ 184a

The provisions of § 169-§ 174a shall apply with respect to the processing of the early, voluntary redemption of structured certificates performed on the basis of declarations from entitled holders.”;

30/ In Appendix 2, entitled “Accounting day timetable and operation codes”:

a/ in § 2, items 1 and 2 shall be amended as follows:

No.	Operation	Operation type	Market code	Trading mode	Number of settlement session for the operation and definition of the scope of its settlement (DvP/FoP)	Hours of settlement the type of operations in the real-time settlement system (if available in the system) and definition of the scope of their	Eligibility of partial settlement

						settlement (DvP/FoP)	
"1.	<p>a) Transaction concluded outside a trading system;</p> <p>b) Notification of securities for deregistration in connection with their intersystem transfer to another CSD in instances other than those described in point 5, or in connection with the retransfer of Treasury bills from the depository system, registered in accordance with § 64 subpara. 2 point 2 of the KDPW Rules;</p> <p>c) Notification of securities for registration in connection with their transfer between systems from another CSD in instances other than those described in Point 4, or in connection with the registration of Treasury bills, in accordance with § 64 subpara. 2 point 2 of the KDPW Rules;</p> <p>NOTE: for operations described in Point b) and Point c), the place of settlement must be indicated</p>	TRAD	KDPW/X PXX (non- mandat ory designat ion)		DvP: 1-3 FoP: 1-4	<p>DvP: 8.00-17.00 FoP: 8.00-18.30</p> <p>FoP: 8.00-18.30</p> <p>FoP: 8.00-18.30</p>	<p>Yes</p> <p>No</p> <p>No</p>

2.	Transfer of securities in connection with post-transaction settlement of a transaction executed in organised trading	TRAD		BISO	DvP: 1-3 FoP:1-4	DvP: 8.00-17.00 FoP: 8.00–18.30	Yes
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b/ in § 5, item 63 shall be added as follows:

No.	Operation	Operation type	Market code	Trading mode	Number of settlement session for the operation	Hours of settlement of the type of operations in the real-time settlement system (if available in the system)
"63.	Cash transfer related to the processing of payments of cash penalties for failure to perform timely settlement.	PAIR				8.00-17.00"

§ 2

In the KDPW Registration Procedures, approved on the basis of Resolution No. 655/17 of the KDPW Management Board of 28 September 2017 (as amended), item 2.2 and the accounting records in 2.2.1 and 2.2.2 shall be repealed.

§ 3

1. Subject to the provisions of subpara. 2, this Resolution shall enter into force on 1 February 2022.
2. The provisions of § 1 point 1 shall enter into force on 1 February 2023.

Maciej Trybuchowski
President & CEO

Sławomir Panasiuk
Vice President

Michał Stępniewski
Vice President