

## Company Profile

<b>Organization Name:</b>	<b>CENTRAL SECURITIES DEPOSITORY of POLAND (KDPW SA)</b>
<b>Country/ Region:</b>	Poland
<b>Name of CEO:</b>	Dr Iwona Sroka
<b>Capital (US\$):</b>	5 570 144,03 (21 000 000 PLN)
<b>Number of Officers and Employees:</b>	189
<b>Ownership and Governance (Main Shareholders)</b>	Warsaw Stock Exchange, National Bank of Poland, State Treasury, each owner has 1/3 of shares. KDPW is governed by the Management Board currently consisting of 3 members.
<b>Brief History</b>	<p>The Polish central securities depository was created in 1991 as a department of the Warsaw Stock Exchange. On 7 November 1994, this department was removed from the organisational structure of the Warsaw Stock Exchange and since then, KDPW has been functioning as a separate and independent joint stock company.</p> <p>In 1994 KDPW becomes a member of ANNA and since 1996 allocates ISINs for all securities registered in KDPW.</p> <p>In 2003 KDPW opens the first depository account in foreign CSD. Currently we have operational links with 9 foreign CSDs.</p> <p>In 2009 KDPW implements kdpw_stream - a new depository-settlement system.</p> <p>On 11 December 2010 was opened WSE Energy Market poee. KDPW is Exchange Clearing House (GIR KDPW) for this market.</p> <p>On 1 July 2011 KDPW transfered clearing functions for transactions executed in the regulated market and alternative trading system, as well as the management of clearing liquidity guarantee system to KDPW_CCP.</p> <p>In 2012 KDPW Group introduced among others new services offered to the banking sector on the Polish financed market: clearing and guaranteeing trade in OTC derivatives, a trade repository and new functionality, hold-release.</p>

On 7 November 2013 The European Securities Market Authority (ESMA) has registered the KDPW Trade Repository, confirming that it fulfills all trade repository requirements under EMIR. The KDPW Trade Repository (KDPW\_TR) is one of six such institutions registered in Europe. The obligation of reporting the details of derivative contracts to trade repositories started on 12 February 2014.

On 18 November 2013: KDPW opened a new electronic channel of communication with participants under ISO20022 for the first group of corporate actions.

On 19 August 2013, KDPW was assigned a prefix (2594) necessary to assign pre-LEIs. The prefix assigned by ROC will identify codes assigned by KDPW in the LEI system. The KDPW prefix was requested by the Polish Financial Supervision Authority (UKNF), which acts as a sponsoring authority in the process of the ROC's authorisation of a local institution as a pre-LOU. On 22 November 2013, under the applicable procedure, KDPW filed an application for authorisation as a pre-LOU in the global LEI system.

On 27 December 2013 according to a decision of the Regulatory Oversight Committee (ROC), the regulatory supervisory body of the global LEI system, KDPW has been awarded the pre-LOU status. The ROC's decision confirms that as a numbering agency, KDPW conforms to the global standards of LEI assignment. Identifiers assigned by KDPW are universally accepted and recognised around the world.

In addition to seeking the pre-LOU (eventually LOU) status, KDPW began on 29 November 2013 to assign identifiers under ISO17442 according to the LEI standard, which ensures that the identifiers will automatically become pre-LEIs (eventually LEIs) without having to sign a separate agreement with KDPW once KDPW has acquired the pre-LOU status.

On 8 April 2014 the Polish Financial Supervision Authority (KNF) has authorised the clearing house KDPW\_CCP, confirming that it fulfils all requirements for such institutions under the EU Regulation EMIR.

On 6 October 2014 KDPW changes the settlement cycle from T+3 to T+2. The change of the settlement cycle to the T+2 standard harmonises the Polish market with the standards under implementation in the European Union and follows from the harmonisation of the KDPW rules to the CSDR.

On 14 November 2014 KDPW as the Numbering Agency started to assign FISN codes.

On 23 June 2015 it was launched TARGET2-Securities, the pan-European securities settlement platform which groups 23 central securities depositories from 21 European markets and euro zone central banks which provide cash settlement services to central securities depositories, launched on 22 June 2015.

In November 2015 KDPW has started the accreditation process KDPW pre\_LOU in KDPW\_LOU.

On 1 December 2015 KDPW started to assign LEI codes for individuals acting in a business capacity.

#### Types and number of Participants

	2011	2012	2013	2014	2015
brokerage houses	30	32	31	30	28
banks	16	16	15	14	14
others	41	40	37	35	34
issuers	954	1081	1129	1159	1168
market organisers	4	5	5	5	5

#### Regulatory Environment

KDPW operates on the basis of the Code of Commercial Companies and the Law on the Trading in Financial Instruments.

#### Stock Exchanges

Warsaw Stock Exchange  
BondSpot  
WSE Energy Market

#### Other CSDs or clearing organization in your country

KDPW\_CCP (KDPW is an owner of 100% shares).

#### Services Provided

- **Settlement of transactions executed in the public securities market** The National Depository processes cash settlements in multi-batch and RTGS mode. According to applicable international standards, settlements are processed in the money of the central bank (PLN). KDPW processes settlements according to instructions presented by KDPW members, the clearing house KDPW\_CCP or documents with the terms of transactions presented by the operator of a regulated market or the organiser of an alternative trading system.

- **Registration and safekeeping of dematerialised financial instruments.** The National Depository manages depository accounts for participants of the depository-settlement system, on which securities are registered,

- **ISIN Numbering.** The National Depository for Securities is a National Numbering Agency (NNA)

and as such it is authorised to assign ISIN codes (International Securities Identification Number), CFI codes (Classification of Financial Instruments) and FISN codes (Financial Instrument Short Name).. The codes are assigned to financial instruments issued by KDPW members as well as non-members under separate agreements

- **Monitoring the size of the securities issue actually in trading.** The National Depository monitors the number of securities registered on all participant accounts.

- **Corporate action processing.** KDPW acts as intermediary between issuers and their owners for dividend payments (in the case of shares) and processes the following corporate events on behalf of Polish and foreign issuers: assimilations, exchanges, redemptions, interest payments, mergers, conversions and share splits, pre-emptive rights issues, and the conversion of convertible bonds into shares.

- **Management of the Settlement Guarantee Fund,** made up from participants' contributions, which is used to secure transaction settlement in the event of a shortage of cash on the participant's account necessary to settle the transaction.

- **Management of the compulsory Investor Compensation Scheme.** KDPW manages the Investor Compensation Scheme, created for the purpose of guaranteeing cash and securities registered on investment accounts in the event of the insolvency of a broker or bank performing brokerage activities.

- **Duties relating to the social security system.** The National Depository is responsible for the processing of transfer payments between open-ended pension.

- **Trade Repository.** Logging of all classes of derivative contracts contained in both the regulated and OTC.

- **LEI codes.** KDPW is a numbering agency for LEI issued for capital market participants, integrated within the global system to assess the credit risk posed by institutional and non-financial entities globally.

**Eligible Securities**

All types of securities

**Corporate Action services Provided?**

Yes

**Yes/No**

**(If yes, what kinds of services provided?)**

inter alia: dividend payments, assimilations, exchanges, conversions and share splits, pre-emptive rights issues, redemptions, interest payments, mergers, and the conversion of

	convertible bonds into shares, etc.				
<b>Value of Securities in Custody (US\$):</b>	2011	2012	2013	2014	2015
	294 bln	368 bln	418 bln	337 bln	297 bln
<b>Amount of Cash Settled per annum (US\$):</b>	2011	2012	2013	2014	2015
	3556 bln	3350 bln	3888 bln	3698 bln	2884 bln
<b>Percentage of Securities Immobilized/ Dematerialized:</b>	100%				
<b>Market Capitalization/ Trading volume per annum (US\$):</b>	NA				
<b>Total Revenue/ Expense and Net income Per annum (US\$):</b>		2011	2012	2013	2014
	Revenue	45,6 mln	40,6 mln	41,3 mln	42,6 mln
	Net income	12,4 mln	7,2 mln	8,3 mln	8,7 mln
<b>Memorandum of Understanding/ Business Agreement (Date)</b>	NA				
<b>Cross-Broader Transaction (Counterpart)</b>	NA				
<b>Withholding Tax Treatment of Cross- Border Trading Transactions (Details)</b>	NA				
<b>DVP Implementation (Yes/No)</b>	NA				
<b>Settlement Period</b>	T+2 bonds - for regulated market trades T+0 to T+n - for non-regulated market transactions – OTC				
<b>Contact Information</b>	kdpw@kdpw.pl				
<b>Remarks</b>	<p>KDPW Strategic goals:</p> <ol style="list-style-type: none"> <li><b>1. Positioning KDPW as the main depository-settlement institution in Central and Eastern Europe.</b></li> <li><b>2. KDPW integration with European structures</b> - reducing the barriers to EUR payments and transborder settlement of securities.</li> <li><b>3. Launch of new services growing the value of the Capital Group</b> - leveraging the key competences of KDPW as an infrastructure institution in order to enter new market segments by developing central solutions and introducing standards reducing the cost of many systems currently used by market operators. Activities will focus on implementation of Electronic Trade Confirmation; development of OTC settlement</li> </ol>				

services; and implementation of transborder settlement services - Delivery versus Payment (DvP).

**4. Improved quality and scope of existing services** - building KDPW participant loyalty by active improvement of settlement and clearing solutions. This goal includes the following projects: Omnibus account services for foreign CSDs; functionalities of the settlement agent for foreign clearing participants; hold-release mechanism for matching settlement instructions; development of a securities lending system; development of corporate actions services.

**5. Optimisation of operational processes in the Capital Group** in order to implement the Strategy and ensure effective operation of all Group companies.

**6. Promoting the image of the KDPW Capital Group and its service offering through corporate communications** - building the KDPW brand as a leading depository-settlement institution providing state-of-the-art technological services according to high security and reliability standards and at a low cost.

**7. Carrying out of the accreditation process LOU KDPW** through the development of an accreditation plan takes into account the requirements under the Master Agreement. Adaptation to the accreditation requirements will require adaptation of information systems, changes in LEI service Rules and procedures.

**8. Adapt business processes to changing international standards ISO CFI and ISO FISN.**