

Company Profile

Organization Name:	CENTRAL SECURITIES DEPOSITORY of POLAND (KDPW SA)
Country/ Region:	Poland
Name of CEO:	Maciej Trybuchowski
Capital (US\$):	5 488 330,763 (21 000 000 PLN) <i>(Exchange rates US\$- 3,8263; date: 2021-07-02)</i>
Number of Officers and Employees:	202
Ownership and Governance (Main Shareholders)	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.
Brief History	<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>On November of 2007 KDPW launched Polish Compensation Scheme. The Polish Compensation Scheme has a complex functional and institutional structure, where different participants have different roles. The on-going functions of maintaining the assets of the Compensation Scheme at the statutory level (management of assets pooled for the payment of potential compensations) are mainly performed by KDPW. Supervision of the Compensation Scheme and functions including the licensing and sanctioning of brokers participating in the scheme are exercised by the Financial Supervision Authority (KNF).</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>

On 1 July 2011 KDPW transferred 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.

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.

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.

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.

In 2016 KDPW has taken steps to launch the Approved Reporting Mechanism ("ARM") service, which means a person authorised to provide the service of reporting details of transactions to competent authorities or to ESMA on behalf of investment firms according to the definition laid down in Directive 2014/65/EU ("MiFID II").

In December 2016, KDPW was accredited as an LEI issuer by the Global Legal Entity Identifier Foundation (GLEIF), which is responsible for the operation of the Global LEI System. KDPW is among the first entities in the world and the first in the Europe accredited to issue LEI.

On 20 of April 2017 KDPW has adapted business processes to changing international standards ISO CFI and FISN and has migrated all active ISINs to the new standards.

As of 25 July 2017, the provisions of the KDPW Rules entered into force, pursuant to which participants of the National Depository, including issuers of securities registered in the securities depository, are obliged to have the legal entity identifier (LEI).

In September 2017 has implemented GLEIF project Level 2 connected to the collecting data on direct and ultimate parents of legal entities in the Global LEI System.

On 29 September 2017, KDPW has filed an application for authorisation under CSDR with the Polish Financial Supervision Authority. CSDR defines, among others, single requirements for central securities depositories in the European Union. The authorisation will confirm that KDPW is ready to provide services under the EU standards across the European Union, including the registration and safe-keeping of financial instruments and the settlement of transactions.

On October 29, 2017, KDPW implemented new EMIR technical standards that changed the existing regulations related to reporting derivative transactions in accordance with the Regulation of the European Parliament and of the Council (EU) on OTC derivatives, central counterparties and trade repositories (EMIR Regulation).

On 3 January 2018, KDPW launched its Approved Reporting Mechanism (ARM) service. The ARM service consists of sending trade data to the relevant supervisory authority on transactions executed as part of trading in financial instruments on behalf of entities

obliged to report such data under EU Regulation No. 600/2014 (MIFIR). KDPW has an official ARM authorisation obtained from the Polish Financial Supervision Authority.

On July 1, 2019, entered into force new regulations impose the obligation of registration of non-public securities in the Central Securities Depository of Poland via an issue agent. To address the new regulations, KDPW has developed an online application which supports registration within 24 hours. In addition, KDPW publishes the debt status of issuers of bonds, mortgage bonds and investment certificates on a dedicated website (Register of Issuers' Liabilities), along with the status of reports on payments resulting from the issuance of these instruments.

The Polish Financial Supervision Authority (KNF) in its decision of 3 March 2020 has authorised KDPW under Regulation of the European Parliament and of the Council on improving securities settlement in the European Union and on central securities depositories (CSDR), confirming that KDPW meets the European Union's legal requirements for central securities depositories. Under the single passport system, the authorisation confirms that KDPW is ready to provide services under EU standards across the EU including recording and safe-keeping of financial instruments as well as settlement of transactions.

As of 13 July 2020, KDPW has launched the trade repository service for securities financing transactions (SFTR trade repository). The reporting obligations are imposed by the European Union's Securities Financing Transactions Regulation (SFTR). The obligation of reporting SFTs to authorised trade repositories applies to all market participants, including financial and non-financial entities, investment firms, banks, credit institutions, CSDs and CCPs.

On 3 September 2020, KDPW has rolled out new solutions facilitating communication between public companies and their shareholders in harmonisation with the requirements of the SRD II Implementing Regulation. The new solutions follow from amendments to Directive 2007/36/EC under Directive 2017/828/EU (SRD II) which authorise public companies to identify their shareholders and require intermediaries (central securities depositories, investment firms, and banks) to co-operate in the process.

On 1 February, 2021, KDPW has launched an application for automated issuance of ISIN codes (together with CFI and FISN codes), enabling operators of shareholder registers to obtain codes immediately in order to record financial instruments under such identifiers in their registers in connection with the mandatory dematerialisation of shares imposed on joint-stock companies and limited joint-stock partnerships.

The KDPW has launched Data Portal on 3 February 2021 consolidating KDPW Group statistics. The development of the target Data Portal model will continue throughout 2021 to ensure smooth alignment with data download functions, in particular paid data downloads where the structure of and access to reports will be modified.

KDPW has launched a new service eVoting-board as of 1 April 2021 enables remote voting at meetings of supervisory boards (and committees operating within supervisory board structures) and management boards. The KDPW IT system also enables voting outside meetings, from any place, also via smartphone. System rely on separate IT architecture and blockchain technology. Parallel, KDPW is provided eVoting service, which supports remote voting at general meetings.

The Association of National Numbering Agencies (ANNA) has announced on 18 June 2021 the appointment of the Central Securities Depository of Poland represented by Mr Sławomir Zajac, Director of the KDPW Trade Repository, to the ANNA Board of Directors.

Types and number of Participants	2017	2018	2019	2020
brokerage houses	31	31	32	31
banks	13	13	13	12
others	40	39	83	84
issuers	1161	1168	1617	2165
market organisers	3	3	3	3

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 marker 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 (under EMIR Regulation) and securities financing transactions (under SFTR Regulation).

- **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.

- **ARM.** KDPW acts as agent in reporting to the relevant supervisory authorities on transactions executed as part of trading in financial instruments on behalf of entities obliged to report such data under MIFIR requirements.

- **Register of Issuers' Liabilities.** KDPW publishes the debt status of issuers of bonds, mortgage bonds

and investment certificates along with the status of reports on payments resulting from the issuance of these instruments.

- **eVoting service.** KDPW offers two digital voting services: eVoting services which supports remote voting at general meetings, and eVoting-board which supports voting at remote meetings of corporate boards.

Eligible Securities	All types of securities				
Corporate Action services Provided? Yes/No	Yes				
(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.				
Value of Securities in Custody (US\$):	2017	2018	2019	2020	
	409 bln	360 bln	361 bln	470 bln	
Amount of Cash Settled per annum (US\$):	2017	2018	2019	2020	
	2935 bln	3102 bln	3084 bln	2335 bln	
Percentage of Securities Immobilized/ Dematerialized:	100%				
Market Capitalization/ Trading volume per annum (US\$):	NA				
Total Revenue/ Expense and Net income Per annum (US\$):		2017	2018	2019	2020
	Revenue	40,8 mln	34,3 mln	34,4 mln	41,0 mln
	Net income	11,1 mln	8,1 mln	8,2 mln	10,6 mln
Memorandum of Understanding/ Business Agreement (Date)	NA				
Cross-Broader Transaction (Counterpart)	NA				
Withholding Tax Treatment of Cross-Border Trading Transactions (Details)	NA				
DVP Implementation (Yes/No)	Yes				
Settlement Period	T+2 - for regulated market trades T+0 to T+n - for non-regulated market transactions – OTC				
Contact Information	kdpw@kdpw.pl				
Remarks	KDPW Strategic goals:				

1. Positioning KDPW as the main depository-settlement institution in Central and Eastern Europe.

2. KDPW integration with European structures - reducing the barriers to EUR payments and transborder settlement of securities.

3. Launch of new services growing the value of the Capital Group - 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.

4. Improved quality and scope of existing services - building KDPW participant loyalty by active improvement of settlement and clearing solutions.

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. To maintain and develop the position of the KDPW Group as a first-choice provider of post-trade services for the Polish financial market in view of market challenges posed by EU regulations by means of: ensuring competitive services to market operators, participants, issuers and investors in view of changing regulatory and market conditions by providing core services, obtaining authorisations of services in compliance with EU regulations, maintaining the position of a first-choice institution.

8. To diversify revenues by offering value-added services of the KDPW Group derived from business and regulatory opportunities and the needs of participants of the Polish financial market and trading organisers.

9. To strengthen the importance of the KDPW Group in offering cross-border services for foreign entities active on the Polish market and Polish entities active on foreign markets.

10. To improve the efficiency of the KDPW Group in view of market and technological challenges while maintaining the infrastructural profile of the institution.