

## 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>	Maciej Trybuchowski
<b>Capital (US\$):</b>	5 570 291,773 (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>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 projekt 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.

## Types and number of Participants

	2013	2014	2015	2016	2017
brokerage houses	31	30	28	29	31
banks	15	14	14	14	13
others	37	35	34	37	40
issuers	1129	1159	1168	1164	1161
market organisers	5	5	5	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 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.

- **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

**Eligible Securities**

All types of securities

**Corporate Action services Provided?**

Yes

**Yes/No**

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.

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

**Value of Securities in Custody (US\$):**

2013	2014	2015	2016	2017
418 bln	337 bln	297 bln	303 bln	409 bln

**Amount of Cash Settled per annum (US\$):**

2013	2014	2015	2016	2017
3888 bln	3698 bln	2884 bln	2769bln	2935 bln

**Percentage of Securities Immobilized/**

100%

Dematerialized:

Market Capitalization/ Trading volume per annum (US\$): NA

Total Revenue/ Expense and Net income Per annum (US\$):	2014	2015	2016	2017
Revenue	41,3 mln	34,6 mln	30,0 mln	40,8 mln
Net income	8,7 mln	3,8 mln	5,6 mln	11,1 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.

**11. Performing KDPW authorization process in accordance with the CSDR regulation.** According to CSDR a CSD may be operated only by an entity authorised for such business. For KDPW, the institution responsible for the grant of an authorisation is the Polish Financial Supervision Authority (KNF). To be authorised, a CSD must comply with the requirements of CSDR, including organisational requirements, conduct of business rules, and prudential requirements. On 29 September 2017, KDPW has filed an application for authorisation under CSDR with the Polish Financial Supervision Authority. The next key step will be KDPW's authorisation process.

**12. Launching the SFTR (Securities Financing Transaction Regulation) service.** SFTR is an important part of the EU's efforts to improve the transparency of markets in securities financing transactions and consequently of the banking sector and the broadly understood financial system. KDPW is preparing to provide market participants with a new service enabling them to meet this obligation. KDPW has operated for more than two years as a Trade Repository under the EMIR and has the necessary experience, expertise, resources and a range of technological and procedural solutions necessary to accept and maintain trade reports. In addition, as a trade repository authorised by the ESMA under the EMIR, KDPW\_TR is eligible for the fast-track authorisation procedure under the SFTR.