

**Rules and Regulations Governing the Activities
of the Treasury Securities Dealer
as of 27 August 2009**

I. General provisions

§1.

These Rules and Regulations determine the principles governing the activities of a Treasury Securities Dealer, and they set in particular:

- 1) Duties and rights of the Treasury Securities Dealers,
- 2) Duties and rights of the Minister of Finance,
- 3) Selection criteria for the Treasury Securities Dealers,
- 4) Selection criteria for the Electronic market.

§2.

The following terms used in the Rules and Regulations shall mean:

- 1) **Minister** – the Minister of Finance,
- 2) **NBP** – the National Bank of Poland,
- 3) **NDS** – the National Depository for Securities,
- 4) **Entity operating Electronic market** – an entity which signed an agreement with the Minister on operating the Electronic market,
- 5) **TSD** – the entity, with which the Minister concluded the agreement on fulfilling the function of the Treasury Securities Dealer,
- 6) **Rules and Regulations** – Rules and Regulations Governing the Activities of the Treasury Securities Dealer,
- 7) **Competition period** – each of four consecutive quarters commencing on October 1st, 2009,
- 8) **Competition** – the competition for fulfilling TSD function in 2011, organized by Minister and lasting four consecutive Competition periods,
- 9) **Applicant** – the entity applying for the status of TSD, eligible under the Rules and Regulations and approved by the Minister to participate in the Competition,
- 10) **Periodical assessment** – Applicant's assessment made basing on the rules defined in the Rules and Regulations in consecutive Competition periods,
- 11) **TS Market Participants Council** – the body consisting of the representatives of Minister, TSDs, NBP and NDS. The Council acts as the Minister's advisory panel,
- 12) **TS** – the Treasury Securities offered in the domestic primary market, excluding bonds offered in the retail market,
- 13) **Electronic market** – TS's electronic trading market, operated in the consultation with the Minister, where Applicant's duties, defined in §5, are realized and TS Fixing is organized,
- 14) **DAI** – the Dealer's Activity Index,
- 15) **TS fixing** – the activities undertaken in order to set a fixing and informational rates for bid and offer price quotations in accordance with the TS Fixing Regulations determined by NBP in the consultation with the Minister,
- 16) **Spread** – the difference between TS' bid and offer prices quoted by TSD or Applicant, calculated in accordance with the Electronic market rules,
- 17) **Benchmark issues** – TS' issues defined by the Minister, in the consultation with the TS Market Participants Council, in particular the fixed rate bonds with at least one year maturity and total face value not less than PLN 10.0 billion or on-the-run issues with total face value not less than PLN 2.0 billion,

- 18) **Ordinance** – the Ordinance of the Minister of Finance as of June 26th, 2006 on the general terms of issuing of Treasury bonds offered at auctions (Journal of Laws of 2006 No 113 item 772),
- 19) **Auction** – the auction under §14 of the Ordinance,
- 20) **Non-competitive auction** - the auction under §19 of the Ordinance,
- 21) **Switching auction** – the auction under §28 of the Ordinance,
- 22) **Buy-back auction** –the auction under §36 of the Ordinance,
- 23) **T-bill auction** – the auction and the non-competitive auction under §16 and §20 respectively, of the Ordinance of the Minister of Finance as of June 26th, 2006 on the general terms of issuing of Treasury bills (Journal of Laws of 2006 No 113, item 771),
- 24) **Announcement** – every information concerning the Competition or TSD published, basing on Rules and Regulations in Ministry of Finance website and information networks,
- 25) **Settling participant** – an institution which settles the TS transaction concluded by a TSD or an Applicant and possesses Treasury bills account with the NBP or Treasury bonds deposit account with the NDS,
- 26) **FRA (Forward Rate Agreement)** – the type of transaction concluded in order to hedge an interest rate,
- 27) **IRS (Interest Rate Swap)** – the type of transaction concluded in order to exchange the interest payments in one currency between two parties,
- 28) **Entity** - a bank, a credit institution or a financial institution and their branches under the Banking Act as of August 29th, 1997 (Journal of Law No 72 item 665 with subsequent changes), and its branches,
- 29) **Domestic entity** – an Entity which is seated in the Republic of Poland.
- 30) **Foreign entity** – an Entity which is seated outside the Republic of Poland.

II. Duties and rights of the TSDs

§3.

1. TSDs are obliged to participate in the Treasury bond auctions organized by NBP on behalf of the Minister.
2. TSDs are obliged to purchase not less than 5% of the total, weighted face value of TS sold at auctions, non-competitive auctions, switching auctions and Treasury bill auctions within a Competition period.

The weights are set as follows:

- a) **0.5** - for TS with maturity less than four years,
- b) **1.5** - for TS with maturity equal or above four years.

The last working day of the given Competition period is regarded as weights setting day for Periodical assessment.

3. Non-compliance with the condition referred to in §3.2, shall result in the reduction of a given TSD's Periodical assessment score in accordance with the following rules:

TSD receives negative points when its share in TS purchase ("SP") in the auctions in given Competition period was as follows:

- 1) 5.0% > SP > 4.5% - 1 point,
- 2) 4.5% >= SP > 4.0% - 2 points,
- 3) 4.0% >= SP > 3.5% - 3 points,
- 4) 3.5% >= SP > 3.0% - 4 points,
- 5) 3.0% >= SP > 2.5% - 5 points,
- 6) 2.5% >= SP > 2.0% - 6 points,
- 7) 2.0% >= SP > 1.5% - 7 points,

- 8) $1.5\% \geq SP > 1.0\%$ - 8 points,
- 9) $1.0\% \geq SP > 0.5\%$ - 9 points,
- 10) $0.5\% \geq SP \geq 0.0\%$ - 10 points,

Repeated non-compliance with this condition may result in an immediate termination of the Agreement on fulfilling the function of the TSD.

§4.

1. TSDs are obliged to participate in everyday TS Fixing.
2. The list of TS subject to TS Fixing is determined by the Minister.
3. The lack of TS quotation at TS Fixing shall result in the reduction of a given TSD's Periodical assessment score in accordance with the following rules:

TSD receives negative points when its quotations ratio at TS Fixings ("*RQ*") in a given Competition period was as follows:

- 1) $95.0\% > RQ > 93.0\%$ - 1 point,
- 2) $93.0\% \geq RQ > 91.0\%$ - 2 points,
- 3) $91.0\% \geq RQ > 89.0\%$ - 3 points,
- 4) $89.0\% \geq RQ > 87.0\%$ - 4 points,
- 5) $87.0\% \geq RQ \geq 0.0\%$ - 5 points,

§5.

1. TSDs and Applicants are obliged to submit TS quotations on Electronic market, in particular for the Benchmark issues, by presenting the bid and offer prices in accordance with the rules relevant for Electronic market. The minimum daily time for quoting of each Benchmark issue by given TSD or Applicant is 5 hours.
2. Non-compliance with the condition referred to in §5.1 shall result in the reduction of a given TSD's or Applicant's Periodical assessment score in accordance with the following rules:

TSD or Applicant receives negative points when it fulfilled duties on submitting Benchmark issues quotations ("*BQ*") in a given Competition period at following level:

- 1) $95.0\% > BQ \geq 90.0\%$ - 1 point,
- 2) $90.0\% > BQ \geq 80.0\%$ - 2 points,
- 3) $80.0\% > BQ \geq 70.0\%$ - 3 points,
- 4) $70.0\% > BQ \geq 60.0\%$ - 4 points,
- 5) $60.0\% > BQ \geq 50.0\%$ - 5 points,
- 6) $50.0\% > BQ \geq 0.0\%$ - 6 points,

Information on quotations and transactions on Electronic market may be published in information networks in accordance with the rules determined by the Minister in consultation with the TS Market Participants Council.

§6.

1. TSDs and Applicants are, in addition, obliged to:
 - 1) duly fulfil their duties resulting from the participation in the depository-settling systems,
 - 2) co-operate with the Minister towards further development of the transparent, liquid and efficient TS market,
 - 3) widen the base of investors purchasing TS,
 - 4) promote the government treasury securities market.
2. TSDs are also obliged to quote bid/offer TS's prices at any request of the Minister.

§7.

1. TSDs are entitled to:
 - 1) Exclusive submission of bids at the auctions,
 - 2) Purchase at non-competitive auctions in accordance with the rules defined in the Ordinance,
 - 3) Exclusive submission of bids at the switching and buy-back auctions,
 - 4) Exclusive submission of bids at the T-bills auctions and T-bills buy-back auctions,
 - 5) Exclusive rights or preferences in concluding individual transactions with the Minister concerning:
 - a) repo and buy-sell back transactions,
 - b) hedging transactions,
 - c) private placement transactions,
 - d) securities issues on foreign markets,
 - e) other financial transactions defined by the Minister.
2. The extent and scale of exclusive rights or preferences mentioned in point §7.1.5 shall depend on the type of transaction, scale of transactions concluded by the Minister in particular market segment and level of TSD's commitment to particular market segment. The position taken in the last Periodical assessment might be taken into account within the exclusive rights or preferences for TSDs.
3. The key criterion for selection of the counterpart for the transactions mentioned in point §7.1.5 letter a) concluded on the Electronic market will be the level of received quotations. In case of equal quotations received from two or more TSDs, the transaction shall be concluded with the TSD that achieved the higher position in the last Periodical assessment.

§8.

TSD, during the term of the agreement on fulfilling the function of the TSD, has exclusive right to use the title of the "Treasury Securities Dealer".

III. Duties and rights of the Minister

§9.

1. The Minister is obliged to draw up lists of Benchmark issues and TS subject to TS Fixing and to publish that information, at least once a year, in the Announcement.
2. The Minister, having considered the opinion of the TS Market Participants Council, determines the lists of Benchmark issues and TS subject to TS fixing.
3. The Minister is obliged to present to the public the TS issuance calendar according to the following schedule:
 - 1) once a year - issuance plan for the coming calendar year, containing information on total amount of Treasury bills and Treasury bonds issue as well as scheduled TS auction dates,
 - 2) once a quarter - issuance plan for coming quarter, containing information on offered papers type and range of planned offer,
 - 3) one day before the auction at the latest - the exact value of TS offer.

§10.

1. The Minister is obliged to:
 - 1) organize TS auctions using the electronic system,
 - 2) announce TS auction results not later than:
 - a) at 12:00 hrs for an auction,

- b) at 12:30 hrs for a switching auction and buy-back auction,
- c) at 14:15 hrs for a non-competitive auction;
- 3) perform annual and Periodical assessments of Applicants in accordance with §15,
- 4) organize meetings with TSDs in order to:
 - a) solve subject-matter, organizational and technical problems connected with organization and functioning of the TS market and TSDs system,
 - b) discuss issuance policy, plans for financing state budget borrowing needs and financial market conditions.
- 2. Duties mentioned in §10.1.1-2 shall not apply to unpredicted events or technical problems which make it impossible to organize an auction using the electronic system or announce TS auction results at the times defined in §10.1.2.
- 3. When it is impossible to organize an auction using the electronic system the alternative means of data transmitting shall be used.
- 4. When the causes mentioned in §10.2 occur, the Minister announces deadline for auction results publication and information on such delay reasons. The announcement shall be published not later than original deadline for auction results announcement.

§11.

The Minister and NBP, pursuant to the powers granted by TSD under the agreement on fulfilling the function of the TSD, has right to perform in TSD's or Settling participant's premises, verification of information and data submitted to the Minister due to fulfilling functions of the TSD.

In parallel a TSD authorizes the Minister to undertake other, deemed by the Minister necessary, verification and control actions with regard to the TSD activity connected with its functioning as TSD.

§12.

1. In case of default execution of the provisions of the Rules and Regulations the Minister, after prior consideration of TSD clarification, may impose on a TSD a written reminder pointing the reasons behind that move. Unless properly clarified each reminder shall result in TSD Periodical assessment reduction 1 to 5 points.
2. In case of gross defaults in TSD functions fulfilling the Minister may dismiss a TSD from its function by means of termination of the agreement with immediate effect.
3. In case of the termination of the agreement with immediate effect the Minister may sign the agreement on fulfilling the function of the TSD with the entity that achieved the highest score in the annual assessment during the last Competition from among the entities that were not granted the status of the TSD. The agreement with this entity shall be in force till the end of calendar year.
4. Information on a dismissal of given entity from the TSD system and information on signing of the agreement with new TSD shall be published in the Announcement.

IV. Rules of selection of Treasury Securities Dealers

§13.

1. The Minister shall arrange the Competition for Entities that apply for a TSD function.
2. Terms for participation in the Competition are:
 - 1) having the Treasury bills account with NBP or securities/deposit account with NDS or pointing the Settling participant and consent to provide by that Settling participant

data on activity of Entity applying for TSD on financial markets in extent needed for this Entity evaluation in the Competition,

- 2) submitting, according to Appendix 1:
 - a) the statement including data on:
 - credit rating,
 - net capital,
 - TS' portfolio value and its changes within last three years,
 - b) in case of Foreign entity, the statement on fulfilling the function of government securities dealer in at least one OECD member country, excluding the Republic of Poland,
- 3) submitting Entity's and Settling participant's statements, according to Appendices 2 and 3, giving Entity's and Settling participant's consent to provide data on Entity's activity on financial markets and for verification and control these data by the Minister, NBP and NDS,
- 4) participation in Electronic market or submitting the declaration of joining the Electronic market as market-maker according to Appendix 4.

§14.

1. An Entity intending to apply for a TSD status should submit to the Minister the written declaration of participation in the Competition, according to Appendix 5, and the statement referred to in §13.
2. The declaration and the statement mentioned in §14.1 are the basis for assessment initiation of an Entity applying for the TSD status and mean the acceptance of obligations specified in §5 and §6 and rules defined in §11 and §12.
The declaration should be delivered to the Minister non later than on the last working day of the first Competition period. In case of later start in the Competition, the given Entity's assessment shall begin with the first day of the Competition period during which the declaration was delivered to the Minister.
3. The Minister reserves the right to verify the submitted statements and to reject the declaration in case of not fulfilling the conditions specified in §13.
4. In case of not fulfilling the obligations, mentioned in §14.2 and §13.2.4, the Minister may dismiss an Entity from the Competition.

§15.

1. Each of Applicants is the subject to the Periodical assessment made in consecutive Competition periods.
2. The basis for Applicant's assessment is the DAI calculated as a percentage share of nominal value of turnover executed by given Applicant compared to the total nominal value of turnover executed by all the Applicants in the particular segments of the market referred to in §15.3. The assessment shall be done in accordance with the following scale:

Market share („MS”)		Scoring	
1)	0.0% =< MS <= 1.0%	-	0 points,
2)	1.0% < MS <= 2.0%	-	1 point,
3)	2.0% < MS <= 3.0%	-	2 points,
4)	3.0% < MS <= 4.0%	-	3 points,
5)	4.0% < MS <= 5.0%	-	4 points,
6)	5.0% < MS <= 6.0%	-	5 points,
7)	6.0% < MS <= 7.0%	-	6 points,
8)	7.0% < MS <= 8.0%	-	7 points,
9)	8.0% < MS <= 9.0%	-	8 points,
10)	9.0% < MS <= 10.0%	-	9 points,
11)	10.0% < MS <= 100.0%	-	10 points,

3. Market segments and their multipliers are as follows:

Market segment	Multiplier
1) Transactions on FRA contracts	- 0.75
2) Transactions on IRS contracts	- 0.75
3) Transactions on Polish government euro-denominated bonds*	- 0.25
4) Repo, sell-buy back and buy-sell back transactions on TS ¹	- 0.75
5) Electronic market own price outright transactions on TS* ²	- 2.00
6) Electronic market another entity's price outright transactions on TS* ²	- 1.00
7) OTC inter-bank outright transactions on TS*	- 1.00
8) OTC outright transactions on TS with non-banking clients* ¹	- 2.00

* - outright transactions

1 - transactions concluded on the Electronic market market are counted doubly,

2 - excluding transactions concluded on client's behalf.

4. The Applicant's scoring for its share in the given market segment equals the product of basic scoring points for the market share and its respective multiplier with reservation, that the market share in TS traded on market segments referred to in §15.3.5-8 is a weighted share. The weights are set as follows:

- 0.5 - for TS with maturity less than three years,
- 1.5 - for TS with maturity equal or above three years.

The last working day of the given Competition period is regarded as weights setting day for Periodical assessment.

5. In the Periodical assessment Applicant's DAI scoring represents the sum of points received in each of the market segments referred to in §15.3.

6. Apart from the DAI, the Periodical assessment includes also the Applicant's assessment in respect of co-operation with the Minister, in particular in the following areas:

- consultation on financial market functioning - 2 points,
- consultation on issuance policy - 2 points,
- Applicant's place of dealing activity in Poland - 2 points,
- quality of quotations referred to in §6.2 - 2 points.

7. The Periodical assessment represents the sum of points achieved within DAI score, points mentioned in §15.6 and negative points mentioned in §3.3, §4.3, §5.2 and §12.1.

§16.

1. The value of TS purchased by a particular TSD, referred to in §3.2 is calculated with regard to the sum of TS purchased by the TSDs. The calculation is made on the basis of NBP and NDS data. Unsettled transactions are not included.

2. The criteria specified in §15.3.1-2 are calculated on the basis of data provided to the Minister by Applicant according to the Appendix No. 6.1 a.

3. The criterion specified in §15.3.3 is calculated on the basis of data provided to the Minister by Applicant according to the Appendix No. 6.1 b.

4. The criterion specified in §15.3.4 is calculated on the basis of data provided by the:

- NDS and NBP with regard to the transactions settled directly through NDS and NBP, according to the Appendix 6.2 a,
- Settling participant with regard to the transactions settled by the settling participants, according to the Appendix 6.2 b-c,
- Entity operating Electronic Market in the extent of the transactions executed on Electronic Market.

5. The criteria specified in §15.3.5-6 are calculated on basis of data provided to the Minister by the Entity operating Electronic Market.

6. The criteria specified in §15.3.7-8 are calculated on the basis of data provided by:

- 1) the NDS and the NBP with regard to the transactions settled directly through the NDS and the NBP respectively, according to the Appendix 6.2 a,
 - 2) Settling participant with regard to the transactions settled by the Settling participants, according to the Appendix 6.2 b-c,
 - 3) Applicant being Domestic entity with regard to the transactions with non-banking non-resident clients and non-resident banks according to the Appendix 6.2 d-e.
7. Data referred to in points §16.2 and §16.6 are provided by Applicants to the Minister within 14 days after the end of each month.
 8. The criteria specified in §15.3.3-8 cover only the settled transactions.
 9. The calculation of respective shares is made with accuracy to two decimal places and is rounded downwards or upwards according to general rules.
 10. The transactions referred to in §15.3.4-8 are calculated according to their value date.

§17.

1. The Minister shall publish the announcement with TSDs' ranking after completing the Periodical or annual assessment and after every change in the list referred to in §18.2.
2. The Minister shall provide each of Applicants with information that would enable them to estimate their position in the Competition; such information shall include in particular the position and the number of points scored as well as face value of transactions executed in a given Competition period.

§18.

1. The Minister shall conclude agreements on fulfilling the function of the TSD for one year with those Applicants who have achieved the highest scores in the annual assessment representing average from four Periodical assessments.
2. The list of Entities, with which the Minister concluded the agreement on fulfilling the function of the TSD, shall be published in an Announcement.

V. Rules of Selection of Electronic market.

§19.

1. The selection of the Electronic market for the following year is done by the TSDs in the current year.
2. The Entity operating electronic market must ensure the following:
 - 1) safe and efficient entering into transactions, both outright and repo / buy-sell back and their efficient settlement according to rules specified by:
 - a) NDS for transactions on Treasury bonds and
 - b) NBP for transactions on Treasury bills;
 - 2) efficient organization of everyday TS fixing, accordingly to TS fixing Regulations;
 - 3) equal access for all market participants to information on functioning of TS trading system and technical requirements;
 - 4) equal access for all market participants to the market, specifically in regard to the level of fees charged;
 - 5) access via TS trading system in real time to information on everyday operations for each TS, specifically on price and value of best buy and sell offers; price, value and time of last trades; low, high and weighted average price and value of turnover for the period since market opening; in regard to each particular market participant – a detailed list of all trades;
 - 6) publishing at least at the end of each business day information on daily low, high and weighted average price and total volume for each TS being traded, calculated on the basis of all trades done during a given day;

- 7) free access for the Minister to daily, weekly and monthly statistics according to the Appendix 7, necessary for proper assessment of TSDs' and Applicants' performance accordingly to the Rules and Regulations, and provide, if necessary, all the technical infrastructure.

§ 20.

Procedure of selection of Electronic market:

- 1) each TSD indicates, according to its own preferences, up to two electronic markets and entities operating those markets; market indicated as first receives two points and market indicated as second receives one point;
- 2) each TSD submits information about its choice to the Minister in a form of a statement accordingly to the Appendix 8 within a deadline set by the Minister;
- 3) after receiving statements from all TSDs or after above mentioned deadline, the sum of points received by each electronic market is calculated and ranking is prepared;
- 4) if two markets or more referred to in §20.2 receive the same number of points, the procedure is applied again to those market only.

§ 21.

1. Entity operating electronic market that received the highest score and agreed to fulfill requirements specified in the Rules and Regulations, in particular in §22, will be selected as the entity operating Electronic market. Information on selection of such entity will be made public.
2. If the entity referred to in §21.1 does not agree to fulfill requirements specified in Rules and Regulations, the next entity from the ranking is chosen.
3. If all entities referred to in §21.1 do not agree to fulfill requirements specified in Rules and Regulations, then the Minister appoints without the selection procedure specified in §20 and signs agreement with entity operating electronic market.

§ 22.

1. The entity operating the selected electronic market is obliged to:
 - 1) submit the declaration of fulfilling of criteria referred to in §19;
 - 2) sign an agreement with the Minister governed by Polish law within the deadline allowing to conduct the Competition according to the Rules and Regulations.

VI. Transitory and final provisions.

§23.

1. Applicant or TSD is not allowed to transfer the rights and duties deriving from the Rules and Regulations to other Entities, with reservation of §23.2-4.
2. The Minister, after prior consultation with committed Entities, is entitled to consent to transfer TSD's or Candidate's rights and duties deriving from TSD or Candidate status to other Entity, hereinafter referred to as "Taking over entity", providing that following requirements are met:
 - 1) Taking over entity must comply with all the criteria mentioned in §13.2,
 - 2) Taking over entity must submit the declaration and statements mentioned in §14,
 - 3) TSD or Candidate must submit to the Minister the statement containing its assent to transfer rights and duties deriving from TSD or Candidate status to Taking over entity.
3. The rights and duties, mentioned in §23.2, may be transferred in the following cases:

- 1) TSD's or Candidate's merger or division – to the merging Entity or to a new Entity established in result of merger or division,
 - 2) establishing the branch in the Republic of Poland by the Foreign entity possessing TSD's or Candidate's status– to this branch,
 - 3) liquidation of Foreign entity's branch in the Republic of Poland possessing TSD's or Candidate's status – to this Foreign entity,
 - 4) presence of capital relationship between TSD or Candidate and Taking over entity with following characteristic:
 - a) Taking over entity has directly or indirectly majority of votes in managing bodies of TSD or Candidate, also on the basis of the agreement with other entities, or
 - b) Taking over entity is entitled to elect and dismiss majority of managing bodies members of TSD or Candidate, or
 - c) more than a half of TSD's or Candidate's members of board is simultaneously the members of board, authorized clerks or managers in Taking over entity or in other Entity dependent from Taking over entity.
 - 5) sale of enterprise, within the meaning of article 55¹ of the Civil Code, by TSD or Candidate.
4. Transfer of the rights and duties mentioned in §23.2 becomes effective on the first day of the Competition period commencing directly after the Competition period during which the Minister made consent mentioned in §23.2. Points scored by TSD or Candidate in Periodical assessments before the transfer of the rights and duties mentioned in §23.2 shall be treated as a Taking over entity scoring.
 5. In the case of transfer of the rights and duties mentioned in §23.2 by TSD that is not a Candidate simultaneously the Taking over entity steps in the rights and duties on the day agreed by committed parties and accepted by the Minister.
 6. The Minister is entitled to refuse its consent mentioned in §23.2. The Minister informs TSD or Candidate on reasons behind such a decision on paper.

VII. Transitory and final provisions.

§24.

The Bank Gospodarstwa Krajowego is entitled to participate in the auctions according to the agreement signed with the Minister.

§25.

In case of any changes to the Rules and Regulations the Minister is obliged to inform TSDs and Applicants about them not later than two weeks before they come into effect.

§26.

The provisions of chapter V shall be used for the first time for selection of the Electronic market for the competition for fulfilling the function of TSD in the year 2012. In the period from October 1st, 2009 until September 30th, 2010 Electronic market shall mean MTS Poland market operated by MTS CeTO S.A.

§27.

The Rules and Regulations become effective as of October 1st, 2009.

MINISTER OF FINANCE

Appendices to the Rules and Regulations Governing the Activities of the TSD as of 27 August 2009

Appendix 1

(stamp of an Entity)

STATEMENT

In accordance with §13 of the Rules and Regulations we declare that:

- 1) at the end of 2008 we had:
 - a) credit rating:
 - b) net capital:
- 2) value of our portfolio of TS amounted to:
 - a) at the end of June 2009 - PLN million
 - b) at the end of December 2008 - PLN million
 - c) at the end of December 2007 - PLN million
- 3) we fulfill the function of government securities dealer in following OECD member countries¹:.....
- 4) we commit ourselves to inform the Minister about all changes in our credit rating.

Signed: _____

Signed: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

¹ This statement is submitted by Foreign entity only.

(stamp of an Entity)

STATEMENT

We hereby inform that our transactions involving Polish Treasury securities are settled by:
.....*(name of a Settling participant)*.....

We consent to the provision of data, to the Minister by the Settling participant, concerning our activity on the financial market in extent needed for our evaluation in the Competition.

Signed: _____

Signed: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

(stamp of a Settling participant)

STATEMENT

We hereby inform that:

.....(name of a Settling participant).....

is the Settling participant for TS transactions concluded by:

.....(name of an Entity).....,

hereinafter referred to as “*the Applicant*”.

We will provide the data concerning Applicant’s activity on the financial market for the purpose of its assessment required for the Competition.

We authorize the Minister, NBP and NDS representatives to perform at our premises verification of information and data provided to the Minister in connection with Applicant’s participation in the Competition.

Signed: _____

Signed: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

(stamp of an Entity)

STATEMENT

We hereby declare that within three months from submitting our declaration on our intention of participating in the Competition we become the participant of Electronic market selected according to the Rules and Regulation as a market maker.

Signed: _____

Signed: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

(stamp of an Entity)

DECLARATION

We hereby declare the intention of participating in the Competition, which shall take place from October 1st, 2009 until September 30th, 2010.

To this end we commit ourselves to conform Rules and Regulations and to the provision to the Minister, via NBP, NDS or Settling participant, of the information mentioned in the Rules and Regulations.

We also consent to:

- 1) the provision of data concerning TS to the Minister or its authorized representatives by NBP, NDS, Entity operating Electronic Market,
- 2) the provision of data necessary to assess Entity's credit rating to the Minister by NBP¹,
- 3) an inspection and verification performed by authorized representatives of Minister and NBP during the Competition with regard to obeying the Rules and Regulations and reliability of the reports mentioned in the Rules and Regulations.

We authorize the Minister, NBP and their authorized representatives to perform at our premises verification of information and data provided to the Minister in connection with the Competition. To this end we will make available all information necessary for this verification. In addition we authorize the Minister, NBP and their authorized representatives to undertake other necessary verification and inspection measures concerning our activity related to the Competition.

We consent to undergo an assessment of fulfilling the above-mentioned tasks performed by the Minister and its representatives, and to accept the annual assessment mentioned in the Rules and Regulations as our assessment achieved in the course of the Competition.

Signed: _____

Signed: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

¹ Refers to the Domestic entity only.

Appendix 6.1 a

Turnover in FRA and IRS market traded by *(name of TSD or Applicant)* during a month
.....

No.	Type of a contract	Nominal value in PLN thousands		
		Bought*	Sold	Total turnover
1				
2				

* IRS and FRA defined as fixed rate payer.

NOTE: This table is to be filled out by NBP (for Entities that report to NBP), by TSD or by Applicant.

Appendix 6.1 b

Turnover in secondary market of Polish Treasury bonds denominated in euros settled by(name of TSD or Applicant)..... during a month* broken down by investor groups.

Nominal value in EUR

No.	Type of transaction	Total turnover (C+D+E+F)	Turnover with domestic banks	Turnover with non- banking domestic clients	Turnover with foreign banks	Turnover with non- banking non- resident clients
A	B	C	D	E	F	
1	Total turnover in the secondary market (2+3+4+5)					
	XSxxxxxxxxxx / DExxxxxxxxxx					
	...					
	Total					
	Of which electronic trading					
2	Repo transactions					
	XSxxxxxxxxxx / DExxxxxxxxxx					
	...					
	Total					
	Of which electronic trading					
3	Buy-sell back and sell-buy back transactions					
	XSxxxxxxxxxx / DExxxxxxxxxx					
	...					
	Total					
	Of which electronic trading					
4	Outright transactions					
	XSxxxxxxxxxx / DExxxxxxxxxx					
	...					
	Total					
	Of which electronic trading					
5	Other transactions					
	XSxxxxxxxxxx / DExxxxxxxxxx					
	...					
	Total					
	Of which electronic trading					

* Transactions where TSD or Applicant is a settlement counterparty (transactions settled on own account)

NOTE: This table is to be filled out by TSD or Applicant.

Appendix 6.2 a

Turnover in T-bonds/T-bills secondary market (excluding Electronic market) settled by:
(name of TSD or Applicant).....
 during a month* broken down by investor groups.

Non-indexed nominal value in PLN thousands

No.	Type of transaction	Total turnover (C+D+E)	Turnover with domestic banks	Turnover with non- banking domestic clients	Turnover with non-residents
A	B	C	D	E	
1	Total turnover in the secondary market (2+3+4+5)				
	PL00001xxxxx				
	...				
	Total:				
2	Repo transactions				
	PL00001xxxxx				
	...				
	Total				
3	Buy-sell back and sell-buy back transactions				
	PL00001xxxxx				
	...				
	Total				
4	Outright transactions				
	PL00001xxxxx				
	...				
	Total				
5	Other transactions				
	PL00001xxxxx				
	...				
	Total				

* Transactions where TSD or Applicant is a settlement counterparty (transactions settled on own account)

NOTE: This table is to be filled out, according to sent settlement instructions by NDS for transactions on T-bonds and by NBP for transactions on T-bills.

Appendix 6.2 b

Turnover in T-bonds secondary market (excluding Electronic market) settled by:

.....(name of TSD or Applicant).....
 during a month* broken down by investor groups.

Non-indexed nominal value in PLN thousands

No.	Type of transaction	Total turnover (C+D+E+F)	Turnover with domestic banks	Turnover with non-banking domestic clients	Turnover with foreign banks	Turnover with non-banking non-resident clients
	A	B	C	D	E	F
1	Total turnover in the secondary market (2+3+4+5)					
	PL00001xxxxx					
	...					
	Total:					
2	Repo transactions					
	PL00001xxxxx					
	...					
	Total					
3	Buy-sell back and sell-buy back transactions					
	PL00001xxxxx					
	...					
	Total					
4	Outright transactions					
	PL00001xxxxx					
	...					
	Total					
5	Other transactions					
	PL00001xxxxx					
	...					
	Total					

* Transactions where TSD or Applicant is a settlement counterparty (transactions settled on own account)

NOTE: This table is to be filled out by Settling participant in the extent of transactions settled by Settling participant.

Appendix 6.2 c

Turnover in T-bills secondary market (excluding Electronic market) settled by:

.....(name of TSD or Applicant).....
 during a month* broken down by investor groups.

nominal value in PLN thousands

No.	Type of transaction	Total turnover (C+D+E+F)	Turnover with domestic banks	Turnover with non-banking domestic clients	Turnover with foreign banks	Turnover with non-banking non-resident clients
A	B	C	D	E	F	
1	Total turnover in the secondary market (2+3+4+5)					
	PL00001xxxxx					
	...					
	Total:					
2	Repo transactions					
	PL00001xxxxx					
	...					
	Total					
3	Buy-sell back and sell-buy back transactions					
	PL00001xxxxx					
	...					
	Total					
4	Outright transactions					
	PL00001xxxxx					
	...					
	Total					
5	Other transactions					
	PL00001xxxxx					
	...					
	Total					

* Transactions where TSD or Applicant is a settlement counterparty (transactions settled on own account)

NOTE: This table is to be filled out by Settling participant in the extent of transactions settled by Settling participant.

Appendix 6.2 d

Turnover in T-bonds secondary market (excluding Electronic market) settled by:

.....(name of TSD or Applicant).....
 during a month* broken down by investor groups.

Non-indexed nominal value in PLN thousands

No.	Type of transaction	Turnover with foreign banks	Turnover with non-banking non-resident clients
1	Total turnover in the secondary market (2+3+4+5)		
	PL00001xxxxx		
	...		
	Total:		
2	Repo transactions		
	PL00001xxxxx		
	...		
	Total		
3	Buy-sell back and sell-buy back transactions		
	PL00001xxxxx		
	...		
	Total		
4	Outright transactions		
	PL00001xxxxx		
	...		
	Total		
5	Other transactions		
	PL00001xxxxx		
	...		
	Total		

* Transactions where TSD or Applicant is a settlement counterparty (transactions settled on own account)

NOTE: This table is to be filled out by TSD or Applicant in the extent of transactions settled directly in NSD.

Appendix 6.2 e

Turnover in T-bills secondary market (excluding Electronic market) settled by:

.....(name of TSD or Applicant).....
 during a month* broken down by investor groups.

Nominal value in PLN thousands

No.	Type of transaction	Turnover with foreign banks	Turnover with non-banking non-resident clients
1	Total turnover in the secondary market (2+3+4+5)		
	PL00001xxxxx		
	...		
	Total:		
2	Repo transactions		
	PL00001xxxxx		
	...		
	Total		
3	Buy-sell back and sell-buy back transactions		
	PL00001xxxxx		
	...		
	Total		
4	Outright transactions		
	PL00001xxxxx		
	...		
	Total		
5	Other transactions		
	PL00001xxxxx		
	...		
	Total		

* Transactions where TSD or Applicant is a settlement counterparty (transactions settled on own account)

NOTE: This table is to be filled out by TSD or Applicant in the extent of transactions settled directly in NBP.

Appendix 7.1

Outright transactions traded on Electronic market on..... (date)

date	ISIN	volume	price	value (PLN thousands)	buyer	seller	aggressor*	buyer's settling participant	seller's settling participant

* counterparty initiating a transaction.

Note: This table is to be filled out by the Entity operating Electronic market.

Appendix 7.2

Repo, buy-sell back transaction traded on Electronic market on..... (date)

date	ISIN / bond series	volume	open settlement date	close settlement date	open price	close price	open value (PLN thousands)	close value (PLN thousands)	buyer	seller	aggressor *	buyer's settling participant	seller's settling participants

* counterparty initiating a transaction.

Note: This table is to be filled out by the Entity operating Electronic market.

Appendix 7.3

TSD participating in TS fixing on (date)

TSD	number of bid offers	number of ask offers	number of instrument quoted

Note: This table is to be filled out by the Entity operating Electronic market

Appendix 7.4

Results of TS fixing on (date)

ISIN	number of bid offers	number of ask offers	bid price	ask price	bid yield	ask yield	fixing		number of TSD quoting
							price	yield	

Note: This table is to be filled out by the Entity operating Electronic market

Appendix 7.5

Statistic of TSD and Applicant's performance in regard to the requirements referred to in §5 of Rules and Regulations on..... (date)

TSD or Applicant	ISIN	quoting time⁽¹⁾ (hh:mm:ss)	average spread⁽²⁾ (bps)	average size⁽³⁾ (PLN million)	maximum spread required (bps)	minimum size required (PLN million)
bank1	PL00001aaaaaa					
bank1	PL00001bbbbbb					
bank1	PL00001cccccc					
...	...					
bank2	PL00001aaaaaa					
bank2	PL00001bbbbbb					
bank2	PL00001cccccc					
...	...					

Note: This table is to be filled out by the Entity operating Electronic market

- (1) If below minimum 5 hours requirement..
- (2) If above maximum spread requirement.
- (3) If below minimum size requirement.

(stamp of an Entity)

DECLARATION

In accordance with §20 of Rules and Regulations we hereby indicate the following electronic markets as the markets of our preference for the TS electronic trading:

- 1.....(*market and entity operating it*)..... (2 points)
- 2.....(*market and entity operating it*)..... (1 point)

Signed: _____

Signed: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____