

**Annex No 1
as of December 20, 2005**

**for the Rules and Regulations Governing the Activities of the Treasury Securities Dealer
as of August 24, 2005**

The Rules and Regulations Governing the Activities of the Treasury Securities Dealer as of August 24, 2005 is hereby amended as follows:

1) In the § 2:

a) The § 2.5 and § 2.6 shall read as follows:

“§ 2.5) TSD - means the entity which has reached the agreement with the Minister of Finance on fulfilling the function of the TSD

§ 2.6) Applicant TSD - – means the entity which has submitted a TSD application, eligible under the Rules and Regulations and admitted by the Minister to participate in the competition;”

b) The § 2.23 and § 2.24 shall read as follows:

“§ 2.23) entity – means bank, branch of bank, credit institution, branch of credit institution or financial institution which operates on the securities market and fulfils conditions defined in the Rules and Regulations.

§ 2.24) domestic entity – means the entity mentioned in the § 2.23 which is seated in Poland;”

c) after the § 2.24, the § 2.25 shall be added to read as follows:

“§ 2.25) foreign entity – means the entity mentioned in the § 2.23 which is seated out of Poland;”

2) The § 7.6 and § 7.7 shall read as follows:

“§ 7.6. Extent and scale of preferences mentioned in § 7.1.5 depend on types of transactions, size of transactions concluded by the Minister in particular segment of the market and extent of engagement of the entity that has a status of TSD in particular segment of the market.

§ 7.7. The key criterion for selection of the counterpart for transactions mentioned in § 7.1.5 letter b) concluded on the MTS Poland will be the level of quotes received. In case of equal received from two or more entities, the transaction shall be concluded with entity that has the higher position in actual competition for fulfilling the function of TSD.

3) The § 11 shall read as follows:

“§ 11. The Minister as well as NBP, pursuant to the powers granted to it under the Agreement on fulfilling the function of the TSD, has right to perform, in place of activity of entity or clearing institution’s premises, verification of information and data submitted to Minister, NBP and NDS due to fulfilling functions of the TSD. Independently of that a TSD authorizes the Minister to undertake other, deemed by the Minister necessary, verification and control actions with regard to the TDS activity connected with its functioning.”

4) The § 12.3 shall read as follows:

“§ 12.3. In case of the termination of the Agreement fulfilling the function of the TSD with immediate effect the Minister may sign another agreement on fulfilling the function of the TSD with the entity that gained the highest scoring in the annual assessment during the most recent competition for a TSD from among entities which were not granted the status of the TSD. Such an agreement with a entity shall be concluded for the term up to the end of a

calendar year. Information about signing agreement with new TSD shall be published in the way mentioned in § 19.”

5) The § 13.1-3 shall read as follows:

“1. The Minister shall arrange a competition for entities which apply for a function of a TSD.

2. Conditions of participation in competition for domestic entity and foreign entity are:

- 1) having Treasury bill accounts and deposit accounts with NBP and securities accounts and deposit accounts run by NDS or pointing the settling participant and consent to provide data about entity’s activity on financial markets by that settling participant;
- 2) submitting a declaration of the settling participant giving consent to providing data about activity of the entity on financial markets and for verification and control these data by the Minister, NBP and NDS in accordance with Appendix No 3.2 to the Rules and Regulations;
- 3) submitting a declaration including the following:
 - a) credit rating,
 - b) net capital,
 - c) solvency ratio,
 - d) trading experiences with Polish Treasury securities including data on Polish Treasury securities portfolio,
 - e) investors’ base,
- 4) participation in MTS Poland or submitting declaration of joining to MTS Poland.

3. Foreign entity that intends to apply for obtaining of a TSD status shall have a similar status in at least one OECD member country.”

6) In § 14:

a) § 14.1 and § 14.2 shall read as follows:

“§ 14.1. A entity intending to apply for a TSD should submit to the Minister the written declaration of participation in the competition as well as a statement on fulfilling the conditions mentioned in § 13.2 and § 13.3 in accordance with the templates provided in the Appendix No. 2 and Appendix No 3 to the Rules and Regulations.”

§ 14.2. The submission of the declaration mentioned above is the basis to initiate the assessment of a entities applying for the TSD and means acceptance of obligations specified in § 5 and § 6 as well as acceptance of terms and conditions specified in §11 and §12 of the Rules and Regulations.

b) § 14.4 shall read as follows:

“In case of not fulfilling the obligations, mentioned in §14.2, the Minister may dismiss a entity from the competition.”;

7) § 16.6.3 shall read as follows:

“§ 16.6.3. TSD or Applicant TSD being a domestic entity with regard to transactions concluded with non-resident non-banks and foreign banks (according to the Appendix 4.3 d to e).”.

8) § 18.2 shall read as follows:

“2. The list of banks, with which the Minister concluded the agreement on fulfilling the function of the TSD, shall be announced to the public in line with § 19.”

9) Appendix No 1-4.2 shall read as defined in Appendix No 1-4 to this Annex.

10) The Annex shall come into force on January 1, 2006.

Appendix No 1 to the Annex No 1
as of December 20, 2005 to the
Rules and Regulations Governing
the Activities of the TSD as of
August 24, 2005

**Appendix No 1 to the Rules and
Regulations Governing the
Activities of the TSD as of
August 24, 2005**

1. Entity receives negative points, mentioned in §3.3, for an absence at auctions within a quarter as following :
 - 1) one auction – 1 point,
 - 2) two auctions – 2 points,
 - 3) three auctions – 3 points,
 - 4) four auctions – 4 points,
 - 5) five and more auctions – 5 points.
2. Entity receives negative points, mentioned in §3.4, when its share of TS purchase in the auctions in a given quarter was as following::
 - 1) > 3.5% to 4% - 2 point,
 - 2) > 3% to 3.5% included – 4 points,
 - 3) > 2.5% to 3% included – 6 points,
 - 4) > 2% to 2.5% included – 8 points,
 - 5) up to 2 % – 10 points.
3. Entity receives negative points, mentioned in §4.3, when its ratio of quotations on the fixing was as following:
 - 1) > 93% to 95% – 1 point,
 - 2) > 91% to 93%– 2 points,
 - 3) > 89% to 91%– 3 points,
 - 4) > 87% to 89% – 4 points,
 - 5) up to 87% – 5 points.
4. Entity receives negative points, mentioned in §5.4, when it fulfils duty of submitting quotations on benchmark issues on MTS Poland market on the level:
 - 6) > 90% to 95% – 1 point,
 - 7) > 80% to 90%– 2 points,
 - 8) > 70% to 80%– 3 points,
 - 9) > 60% to 70% – 4 points,
 - 10) > 50% to 60% – 5 points,
 - 11) down to 50% – 6 points.
5. Points mentioned in § 15.3 are awarded according to the following schedule:
 - 1) cooperation with the Minister in designing new instruments – 2 points,
 - 2) advising the Minister on the issuance policy – 4 points,
 - 3) domestic activity (in Poland) of the TSD or applicant for TSD – 2 points.

Appendix No 2 to the Annex No 1
as of December 20, 2005 to the
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**Appendix No 2 to the Rules and
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Activities of the TSD as of
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Appendix No 2.1

(stamp of a entity)

STATEMENT

In accordance with § 13.2.3 of the Rules and Regulations,*(name of a entity)* declares that
at the end of 2004*(name of a entity)* had the:

- credit rating -.....
- equity -.....
- solvency ratio -.....

We also inform that value of Polish Treasury bonds portfolio amounted to:

- at the end of June 2005 -.....million PLN,
- at the end of December 2004 -million PLN,
- at the end of December 2003 -million PLN.

We also inform that at the end of June 2005,*(name of a entity)* has the following investor
base:

- pension funds - million PLN (value of bonds registered on accounts in our
bank),
- investments funds - million PLN (value of bonds registered on accounts in our
bank),
- insurance companies- million PLN (value of bonds registered on accounts in
our bank),
- hedging funds - million PLN (value of bonds registered on accounts in our
bank),
- other investors - million PLN (value of bonds registered on accounts in our
bank).

*(stamps and signatures o persons authorized to
represent a entity)*

(stamp of a entity)

DECLARATION

We hereby declare the intention of participating in the 2007 TSD competition, which shall take place from October 1, 2005 until 30 September 2006. To this end we commit ourselves to obey rules, mentioned in the **Rules and Regulations Governing the Activities of the Treasury Securities Dealers** and to the provision of the information mentioned in the Rules and Regulations to the Minister by the NBP and NDS.

We also consent to:

- 1) the provision of data concerning Treasury securities and Treasury bond futures contracts to the Minister by NBP, NDS, MTS CeTO and Warsaw Stock Exchange.
- 2) undergo an inspection and verification performed by the Minister and NBP and their authorised representatives during the competition period 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 authorised representatives to perform at our premises verification of information and data provided to the Minister in connection with the TSD competition. To this end*(name of a entity)* will make available all data necessary for this verification. In addition the entity authorizes the Minister, NBP and their authorized representatives to undertake other necessary verification and inspection measures concerning bank's activity related to the TSD 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 the assessment achieved in the course of the TSD competition.

(stamps and signatures o persons authorized to represent the bank)

Appendix No 3 to the Annex No 1
as of December 20, 2005 to the
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**Appendix No 3 to the Rules and
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Activities of the TSD as of
August 24, 2005**

Appendix 3.1

(stamp of a entity)

STATEMENT

We hereby inform that transactions of*(name of a entity)* 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 activity of the entity on the financial market in order to assess its performance as required by the rules of the TSD competition.

*(stamp and signature of persons authorized to
represent the entity)*

(stamp of a entity)

STATEMENT

We hereby inform that*(name of a institution)* is the settling participant for TS transactions concluded*(name of a entity)*.

We will provide the data concerning activity of*(name of a entity)* on financial market in for the purpose of its assessment required for the TSD 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 the TSD competition.

(stamp and signature of persons authorized to represent the settling participant)

Appendix No 4 to the Annex No 1 as of December 20, 2005 to the Rules and Regulations Governing the Activities of the TSD as of August 24, 2005

Appendix No 4 to the Rules and Regulations Governing the Activities of the TSD as of August 24, 2005

Appendix No 4.1

FRA and IRS trading by (name of TSD or applicant for TSD) during a month.....

				nominal value, in PN
No.	Type of contract	Bought*	Sold	Total turnover
1				
2				

* IRS and FRA bought defined as fixed rate receiver

Note: this table is filled out by TSD or applicant for TSD or NBP (for entities which reports to NBP)

Appendix No 4.2

T-bonds futures trading (name of the TSD or applicant for TSD) during a month

No.	Name of the entity	Code of the WSE member	Volume of trading	Share in total trading (%)
1	AAA			
2	BBB			
3	CCC			
...				
N	NNN			
	TSD total			
	Total			

Note: this table is to be filled out by Warsaw Stock Exchange