

**Rules and Regulations Governing the Activities  
of the Treasury Securities Dealer  
as of 13 September, 2011**

**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 - a bank, a credit institution or a financial institution and their branches under the Banking Act as of August 29<sup>th</sup>, 1997 (Journal of Laws of 2002 No 72 item 665 with subsequent changes), and its branches,
- 5) Domestic entity – an Entity which is seated in the Republic of Poland,
- 6) Foreign entity – an Entity which is seated outside the Republic of Poland,
- 7) TSD – the entity, with which the Minister concluded the agreement on fulfilling the function of the Treasury Securities Dealer,
- 8) Electronic market – TS’s electronic trading market, operated in consultation with the Minister, where Applicant’s duties, defined in §5, are realized and TS Fixing is organized,
- 9) Entity operating Electronic market – an entity which signed an agreement with the Minister on operating the Electronic market,
- 10) TS Market Participants Council – the advisory body to the Minister, consisting of the representatives of the TSDs; regular participants of Council's meetings are representatives of the Minister, NBP, NDS and the Entity operating Electronic market,
- 11) Rules and Regulations – Rules and Regulations Governing the Activities of the Treasury Securities Dealer,
- 12) Competition – the competition for fulfilling TSD function in 2013, organized by the Minister and lasting four consecutive Competition periods,
- 13) Competition period – each of four consecutive quarters commencing on October 1<sup>st</sup>, 2011,
- 14) 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,
- 15) Periodical assessment – Applicant’s assessment made basing on the rules defined in the Rules and Regulations in consecutive Competition periods,
- 16) DAI – the Dealer's Activity Index,
- 17) TS – the Treasury Securities offered in the domestic primary market, excluding bonds offered in the retail market,

- 18) 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 consultation with the Minister,
- 19) Benchmark issues – TS’ issues defined by the Minister, in 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 billion or on-the-run issues with total face value not less than PLN 2 billion,
- 20) Ordinance – the Ordinance of the Minister of Finance as of December 20<sup>th</sup>, 2010 on the general terms of issuing Treasury bonds offered through wholesale sales (Journal of Laws of 2010 No 250, item 1680),
- 21) Auction – the auction under §15 of the Ordinance or §14 of the Ordinance of the Minister of Finance of June 26<sup>th</sup>, 2006 on the general terms of issuing of Treasury bonds offered at auctions (Journal of Laws of 2006 No 113 item 772),
- 22) Non-competitive auction - the auction under §21 of the Ordinance or §19 of the Ordinance of the Minister of Finance of June 26<sup>th</sup>, 2006 on the general terms of issuing of Treasury bonds offered at auctions (Journal of Laws of 2006 No 113 item 772),
- 23) Switching auction – the auction under §32 of the Ordinance or §28 of the Ordinance of the Minister of Finance of June 26<sup>th</sup>, 2006 on the general terms of issuing of Treasury bonds offered at auctions (Journal of Laws of 2006 No 113 item 772),
- 24) T-bill auction – the auction and the non-competitive auction under §16 and §21 respectively, of the Ordinance of the Minister of Finance of December 20<sup>th</sup>, 2010 on the general terms of issuing of Treasury bills (Journal of Laws of 2010 No 250 item 1679),
- 25) Buy-back auction – the auction under §41 of the Ordinance or §36 of the Ordinance of the Minister of Finance of August 26<sup>th</sup>, 2006 on the general terms of issuing of Treasury bonds offered at auctions (Journal of Laws of 2006 No 113 item 772) and the auction under §33 of the Ordinance of December 20<sup>th</sup>, 2010 on the general terms of issuing of Treasury bills (Journal of Laws of 2010 No 250 item 1679),
- 26) Announcement – every information concerning the Competition or TSD published, basing on Rules and Regulations, in Ministry of Finance website and information networks,
- 27) Settling participant – an institution which settles the TS transactions concluded by a TSD or an Applicant and possesses Treasury bills account with the NBP or Treasury bonds deposit account with the NDS.

## **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, defined for a given calendar year, the minimum required share (“MIN”) expressed as a percentage of the total, weighted face value of TS sold at auctions, non-competitive auctions, switching auctions and Treasury bill auctions within a given Competition period.

The weights are set as follows:

- 1) **0.5** - for TS with maturity less than four years,
- 2) **1.5** - for TS with maturity equal or above four years.
3. MIN is calculated as 50% divided by the number of TSDs selected for a given year. MIN will be announced to TSDs before the beginning of the given year.

4. The Minister defines total, weighted face value of TS, specified in §3.2, on the last working day of the given Competition period.
5. Non-compliance with the condition referred to in §3.2, during two consecutive competition periods shall result in dismissal a TSD from its function with immediate effect.

#### **§4.**

1. TSDs are obliged to participate in TS Fixings.
2. The list of TS subject to TS Fixing is determined by the Minister.
3. The TS quotation ratio at TS Fixings (“*KF*”) amounts to at least 90% *KF* is calculated as an arithmetic mean of each Fixing in a given Competition ratio equal to the number of TS quoted by the TSD divided by the number of TS subject to Fixing .
4. Non-compliance with the condition referred to in §4.3, during two consecutive competition periods shall result in dismissal a TSD from its function with immediate effect.

#### **§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. The TS quotation for Benchmark issues (“*KB*”) for each TSD amounts to at least 90%. *KB* is calculated as an arithmetic mean of each day’s in a given Competition ratio equal to total TS quotation time for Benchmark issues, in accordance with Electronic market rules, divided by the total required time of quotation.
3. Non-compliance with the condition referred to in §5.2 during two consecutive competition periods shall result in dismissal a TSD from its function with immediate effect.
4. 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 fulfill their duties resulting from the participation in the depository 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 in accordance with the rules defined in the Ordinance,
  - 2) 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 market transactions defined by the Minister.
2. The extent and scale of exclusive rights or preferences, mentioned in point §7.1.2, 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 a counterpart for the transactions mentioned in point §7.1.2 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 with reservation about TS subject to Fixing which maturity shall be longer than 3 months.
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) on the auction day 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, buy-back auction and Treasury bill auction,
    - b) at 12:30 hrs for a switching 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 mentioned times.
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 reasons 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 TDS 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 not less than 0.5 and not more than 2 points.
2. In case of gross defaults in TSD functions fulfilling the Minister may dismiss a TSD from its function with immediate effect.
3. In case of reasonable suspicion that particular actions undertaken by TSD are aimed at overvaluing of DAI defined in §15, the Minister, after prior consideration of TSD clarification, may dismiss the TSD from its function with immediate effect.
4. 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 an Applicant that achieved the highest average score in the Periodical assessments during the current Competition from among the entities that were not granted the status of the TSD by the time of the termination of the agreement defined in §12.2, §12.3, §3.5, §4.4 and §5.3. The agreement with this entity shall be in force till the end of calendar year.
5. Information on a dismissal of a 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 2 to the Rules and Regulations:
    - 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 3 and 4 to the Rules and Regulations, 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 as market-maker according to regulations of Electronic market.

#### **§14.**

1. An Entity intending to apply for the TSD status should submit to the Minister the written declaration of participation in the Competition, according to Appendix 1 to the Rules and Regulations, 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.
3. 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.
4. 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.
5. 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 Applicant is subject to the Periodical assessment made in consecutive Competition periods.
2. The basis for Applicant's assessment is the DAI calculated as a weighted mean of points granted to an Applicant in the following criteria and with appropriate, below specified weights:
  - 1) TSDs activity on the primary market, i.e. percentage share ("UZ") of total weighted face value of TS sold at auctions, non-competitive auctions, switching auctions and Treasury bill auctions within a Competition period (weight of 40%)
  - 2) Activity on the secondary market, i.e. quality of TS quotation on Electronic market (weight of 40%)
  - 3) Co-operation with the Minister (weight of 20%), in particular in the following areas:
    - a) Consultation on issuance policy, in particular consultation on general supply at the particular auctions,
    - b) Consultation on current financial markets situation
    - c) Quality of quotations of TS and other financial instrument at a request of the Minister,
    - d) Other activities, especially performed in order to fulfill the duties specified in §6.1.

3. Scoring in terms of the criterion specified in §15.2.1 is assigned as follows:

Scoring	UZ value
$(N-20)/2$	$N \times (MIN/20) \leq UZ < (N+1) \times (MIN/20)$ for $N=0\dots,19$
0	$UZ = MIN$
$(N-19)/2$	$N \times (MIN/20) < UZ \leq (N+1) \times (MIN/20)$ for $N=20\dots,39$
+10	$UZ > 2 \times MIN$

4. The calculations of UZ is made with accuracy to two decimal places and is rounded according to general rules.
5. Scoring in terms of the criterion specified in §15.2.2 a is assigned as follows, an “I” means quotation quality index:

Scoring	I value
0	$I \leq 100\%$
$(N+1)/2$	$100\% + N \times [(I_{max}-100\%)/20] < I \leq 100\% + (N+1) \times [(I_{max}-100\%)/20]$ , for $N=0, \dots, 19$ ,  $I_{max}$ is higher value between: <ul style="list-style-type: none"> <li>- the highest I value in a given Competition period among all Applicants,</li> <li>- 100%.</li> </ul>

6. Quotation quality index, specified in §15.4, is calculated for each TSD as an arithmetic mean of daily indices (“ID”) in a given Competition period. Daily quotation quality indices are calculated as weighted means of daily quotation indices (“W”) for the particular TS. The weights used in this calculation are as follows:

TS type / maturity		Weight
Non-benchmark bonds subject to fixing		0.75
Benchmark bonds with maturity:	below 2.5 years	1.50
	equal or above 2.5 years but below 6 years	2.00
	equal or above 6 years	2.50

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

7. Daily quotation indices for particular TS, specified in §15.6, are calculated as follows:

$$W = [\alpha \times S + (1 - \alpha) \times V] \times T$$

where:

S - the ratio of the reference spread to the daily average spread quoted by an Applicant on a given day;

V - the ratio of the volume quoted by an Applicant on a given day to the reference volume;

T - the ratio of the quoting time by an Applicant on a given day to the reference time; time of reference is equal to the minimum quoting time specified in §5.1;

$\alpha$  - the weight of 0.75.

8. The reference values of spread and volume, specified in §15.7, are calculated as quoting-time-weighted average spread and average volume respectively, for a particular TS, calculated with all Applicants’ quotations on a given day.
9. Spread, specified in §15.7, is calculated as a difference between minimum between best bid price and best ask price among quotations set at the time by an Applicant and presented

as percentage points for 100% of the face value; only quotations fulfilling below conditions are taken into account when calculating daily quotation indices::

- 1) in case of benchmark issues - quotations within maximum spread allowed for a given TS according to Electronic market regulations,
  - 2) in case of non-benchmark issues subject to fixing - quotations with spread not higher than the maximum spread allowed for the TS with the longest maturities according to Electronic market regulations.
10. Volume of spread, specified in §15.7, is calculated as an arithmetic mean of nominal values of two best mentioned in §15.9 quotations with following restrictions::
- 1) in case of quotations with hidden volume - hidden volume is not taken into account;
  - 2) in case of quotations with volume higher than PLN 100 million - volume of PLN 100 million is taken into account.
11. Reference time T, specified in §15.7, may be changed during Competition by decision taken by the Minister in consultation with the TS Market Participants Council.
12. Weight of  $\alpha$ , specified in §15.7, may be changed during Competition by decision taken by the Minister in consultation with the TS Market Participants Council.
13. Scoring of criterion specified in §15.2.3 a is set within 0 to 4 points, every 0.5 points.
14. Scoring of all criteria specified in §15.2.3 b-d is set within 0 to 2 points, every 0.5 points.
15. The scoring in each criteria is made with accuracy to one decimal place and is rounded according to general rules.
16. In the Periodical assessment Applicant's DAI scoring represents the sum of points and negative points specified in § 12.1. Annual assessment is calculated as an arithmetic mean of four Periodical assessments.
17. Regulations specified in § 12.1 apply to Applicants with no TSD status.

#### **§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 §15.2.2 are calculated on the basis of data provided to the Minister by entity operating Electronic market.
3. NBP, NDS, Applicants and appropriate Settlement participants, according to the Appendix 5.1-5, submit data for information purposes.

#### **§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 within the confines of respective criteria.

#### **§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.
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 Electronic market for the following two competitions, of which the first one begins in the year of Electronic market selection, 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 6 to the Rules and Regulations, 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 7 to the Rules and Regulations 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 in the Announcement.

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.

#### **§ 23.**

1. Selection procedure mentioned in §20 is performed in January every two years, subject to §23.2.
2. In case of significant deterioration of quality of services provided by entity mentioned in §21.1, at the request of at least 75% of TSDs the Minister may perform the selection procedure mentioned in §20 earlier. If other Electronic market is selected, then agreement mentioned in §22.1.2 is terminated upon at least 6-month notice.
3. In case of situation described in §23.2 the Minister may in consultation with Market Participants Council change the rules concerning fulfilling the duties mentioned in §4-5 and scoring criteria mentioned §15.2.2.

### **VI. Transitory and final provisions.**

#### **§24.**

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 Applicant's rights and duties deriving from TSD or Applicant 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 Applicant must submit to the Minister the statement containing its assent to transfer rights and duties deriving from TSD or Applicant 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 Applicant'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 Applicant's status– to this branch,
  - 3) liquidation of Foreign entity's branch in the Republic of Poland possessing TSD's or Applicant's status – to this Foreign entity,
  - 4) presence of capital relationship between TSD or Applicant and Taking over entity with following characteristic:
    - a) taking over entity has directly or indirectly majority of votes in managing bodies of TSD or Applicant, 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 Applicant, or
  - c) more than a half of TSD's or Applicant'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, or
  - d) sale of enterprise, within the meaning of article 55 of the Civil Code, by TSD or Applicant.
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 Applicant 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 Applicant 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 Applicant on reasons behind such a decision on paper.

## **VII. Transitory and final provisions.**

### **§25.**

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

### **§26.**

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.

### **§27.**

The Minister reserves the right to change the Rules and Regulations within the resolutions and deadlines having been agreed on the TS Market Participants Council. The changes shall not require amendments to the signed agreements on fulfilling TSD function.

### **§28.**

The Rules and Regulations become effective as of October 1<sup>st</sup>, 2011.

MINISTER OF FINANCE

**Appendices to the Rules and Regulations Governing the Activities of the Treasury  
Securities Dealer as of 13 September 2011  
Appendix 1**

*(stamp of an Entity)*

**DECLARATION**

We hereby declare the intention of participating in the Competition for governing the activities of Treasury Securities Dealer, which shall take place from October 1<sup>st</sup>, 2011 until September 30<sup>th</sup>, 2012 (“Competition”).

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 NBP<sup>1</sup>,
- 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 and 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 and 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: \_\_\_\_\_

---

<sup>1</sup> Refers to the Domestic entity only. Data are provided at the end of each quarter and contain information regarding: cash, funds on its account in the NBP, interbank deposits, *nostro* accounts at banks, non-performing loans of non-financial clients, non-performing loans of the budget sector, loans in default of non-financial clients, loans in default of the budget sector, loans of non-financial clients, loans of the budget sector, total net assets, total liabilities, net profit, capital and reserves, solvency ratio.

*(stamp of an Entity)*

**STATEMENT**

In accordance with §13 of the Rules and Regulations Governing the Activities of the Treasury Securities Dealer we declare that:

- 1) at the end of 2010 we had:
  - a) credit rating: .....
  - b) net capital: .....
- 2) value of our portfolio of TS amounted to:
  - a) at the end of June 2011 - ..... PLN million
  - b) at the end of December 2010 - ..... PLN million
  - c) at the end of December 2009 - ..... PLN million
- 3) we fulfill the function of government securities dealer in following OECD member countries<sup>1</sup>:.....
- 4) we commit ourselves to inform the Minister about all changes in our credit rating.

Signed: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Signed: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

---

<sup>1</sup> 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: \_\_\_\_\_

## Appendix 5.1

Outright transactions, broken down by investor groups, in T-bonds/T-bills secondary market (excluding Electronic market) settled by:

.....(name of TSD or Applicant).....

during a month .....\*.

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-resident clients
	A	B	C	D	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.

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 5.2

Outright transactions, broken down by investor groups, in T-bonds secondary market (excluding Electronic market) settled by:

.....(name of TSD or Applicant).....  
 during a month .....\*.

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	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.

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

## Appendix 5.3

Outright transactions, broken down by investor groups, in T-bills secondary market (excluding Electronic market) settled by:

.....(name of TSD or Applicant).....  
 during a month .....\*.

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.

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

## Appendix 5.4

Outright transactions, broken down by investor groups, in T-bonds secondary market (excluding Electronic market) settled by:

.....(name of TSD or Applicant).....  
 during a month .....\*.

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.

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

## Appendix 5.5

Outright transactions, broken down by investor groups, in T-bills secondary market (excluding Electronic market) settled by:

.....(name of TSD or Applicant).....  
 during a month .....\*.

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.

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

## Appendix 6.1

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

date	ISIN	volume	price	value (PLN thousands)	buyer	seller	aggressor*

\* Counterparty initiating a transaction.

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

## Appendix 6.2

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

<b>date</b>	<b>ISIN / bond series</b>	<b>volume</b>	<b>open settlement date</b>	<b>close settlement date</b>	<b>open price</b>	<b>close price</b>	<b>buyer</b>	<b>seller</b>	<b>aggressor*</b>

\* Counterparty initiating a transaction.

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

## Appendix 6.3

TSD participating in TS fixing on ..... (date) .....

<b>TSD</b>	<b>number of bid offers</b>	<b>number of ask offers</b>	<b>number of instrument quoted</b>

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

**Appendix 6.4**

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 6.5

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

<b>TSD or Applicant</b>	<b>ISIN</b>	<b>quoting time* (hh:mm:ss)</b>	<b>average spread* (bps)</b>	<b>average size* (PLN million)</b>	<b>maximum spread required (bps)</b>	<b>minimum size required (PLN million)</b>
bank1	PL00001aaaaaa					
bank1	PL00001bbbbbb					
bank1	PL00001cccccc					
...	...					
bank2	PL00001aaaaaa					
bank2	PL00001bbbbbb					
bank2	PL00001cccccc					
...	...					

\* Fill in when appropriate minimum, according to the Rules and Regulations, is not fulfilled.

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

## Appendix 6.6

TS quotation on Electronic market referred to in §15.2.2 of Rules and Regulations on..... (date)

.....

<b>TSD or Applicant</b>	<b>ISIN</b>	<b>Time weighted average spread (pb)</b>	<b>Time weighted average size (PLN million)</b>	<b>Total quotation time (hh:mm:ss)</b>	<b>Reference spread (bp)</b>	<b>Reference size (PLN million)</b>	<b>Reference time (hh:mm:ss)</b>
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.

*(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: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Signed: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_