

January 2018



CLEARING MEMBER DISCLOSURE DOCUMENT

DIRECT AND INDIRECT CLEARING

ERSTE SECURITIES POLSKA S.A.

The information contained in this document is addressed to clients of Erste Securities Polska S.A. where clearing services are provided via KDPW_CCP S.A.

Copyright © 2017 by FIA, Inc.

This document has been drafted on the basis of the FIA Direct Client Disclosure Document (December 2017 version) with permission of FIA Inc., which has not reviewed or endorsed any modifications that have been made to that disclosure document in order to produce this document. The FIA Direct Client Disclosure Document (December 2017 version) is based on the January 2016 version of the ISDA and FIA Clearing Member Disclosure Document in which both the International Swaps and Derivatives Association, Inc. and FIA, Inc. have copyright.

CLEARING MEMBER DISCLOSURE DOCUMENT

Direct and Indirect Clearing

Introduction

Throughout this document references to "we", "our" and "us" are references to Erste Securities Polska S.A. References to "you" and "your" are references to the client.

What is the purpose of this document?

To enable us to comply with our obligations as a clearing member under EMIR¹, which requires that where we are providing services to you that involve us clearing derivatives through an EU central counterparty (CCP), we must:

- offer you a choice of an individual client account or an omnibus client account (as discussed under *"The types of accounts available"* in Part One B below);
- publicly disclose the levels of protection and costs associated with different levels of segregation; and
- describe the main legal implications of different levels of segregation.

Additionally, to enable us to comply with our obligations as a clearing member under the Indirect Clearing RTS², which require that, where we are providing services to you that involve us facilitating the indirect clearing of derivatives through the CCP, we must:

- offer you a choice of a basic omnibus indirect client account or a gross omnibus indirect client account (as discussed under *"The types of accounts available"* in Part One B below);
- publicly disclose the levels of protection and costs associated with different levels of segregation;
- publicly disclose the general terms and conditions under which we provide services to you (as discussed under *"The terms and conditions on which we offer services to you"* in Part One D below); and
- describe the main legal implications of different levels of segregation.

We have provided the costs associated with the different levels of segregation separately. Details can be found at: <https://www.esp.pl/en/o-nas/informacje-prawne#regulacje3>.

We will be providing clearing services via KDPW_CCP S.A. (KDPW), thus in respect of the treatment of margin and collateral at CCP level you should refer to the CCP disclosure that KDPW is required to prepare.

Organisation of this document

This document is set out as follows:

- Part One A provides some background to clearing.

- Part One B gives information about the differences between the individual client account, the omnibus client account, the basic omnibus indirect client account and the gross omnibus indirect client account, explains how this impacts on the clearing of your derivatives and sets out some of the other factors that might affect the level of protection you receive in respect of assets provided to us as margin.
- Part One C sets out some of the main insolvency considerations.
- Part One D sets out a general overview of the terms and conditions under which we provide services to you.
- Part Two provides an overview of the main variations on the different levels of segregation that the CCPs offer, together with an explanation of the main implications of each, and sets out a link to further information provided by KDPW.

What are you required to do?

You must review the information provided in this document as well as KDPW disclosure and confirm to us in writing which client account type you would like us to maintain in KDPW and whether you agree with the way in which we propose to deal with any excess margin we may hold in relation to an individual client account. We will explain how we would like you to make this confirmation and by when. If you do not confirm within the requested timeframe, we will record the positions and assets relating to you in an account that has the level of EMIR-compliant segregation which is the closest to your pre-EMIR account structure, provided that:

- we have used reasonable and multiple endeavours to obtain your written choice of segregation and have evidence of our efforts;
- in our communication with you, we have informed you that your failure to elect a level of segregation in accordance with EMIR Article 39 will result in us allocating you to an account having the level of EMIR-compliant segregation which is the closest to your pre-EMIR account structure (eg an omnibus segregation, net or gross as the case may be); and
- we have explained to you that election by us does not preclude you to elect a different (eg higher) level of segregation at any time by communicating it in writing to us.

Where we offer to facilitate indirect clearing services, you will also need to confirm to us whether you intend to provide clearing services through us to your clients and inform us of your clients' choice of indirect client accounts. We will explain how we would like you to make this confirmation and by when.

Important

Whilst this document will be helpful to you when making this decision, this document does not constitute legal or any other form of advice and must not be relied on as such. This document provides a high level analysis of several complex and/or new areas of law, whose effect will vary depending on the specific facts of any particular case, some of which have not been tested in the courts. It does not provide all the information you may need to make your decision on which account type or level of segregation is suitable for you. It is your responsibility and, where applicable, the responsibility of your clients to review and conduct independent due diligence on the relevant rules, legal documentation and any other information provided on each of the account offerings and those of KDPW and, where applicable, your clients. You and, where applicable, your clients may wish to appoint independent professional advisors to assist with this.

We shall not in any circumstances be liable for any losses or damages that may be suffered as a result of using this document. No responsibility or liability is accepted for any differences of interpretation of legislative provisions and related guidance on which it is based.

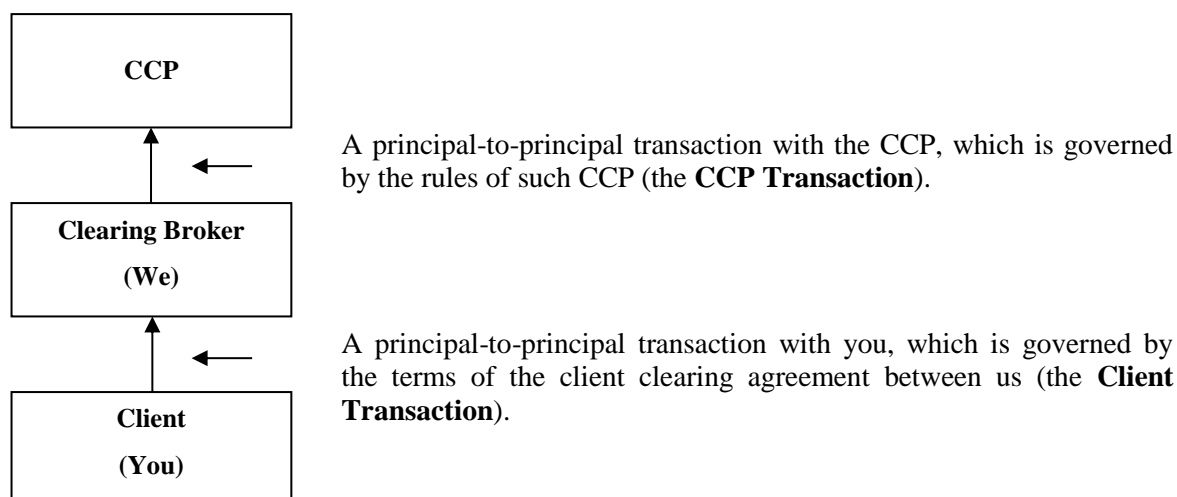
Please note that this disclosure has been prepared on the basis of Polish law save as otherwise stated. However, issues under other laws may be relevant to your due diligence.

Part One A: A brief background to clearing

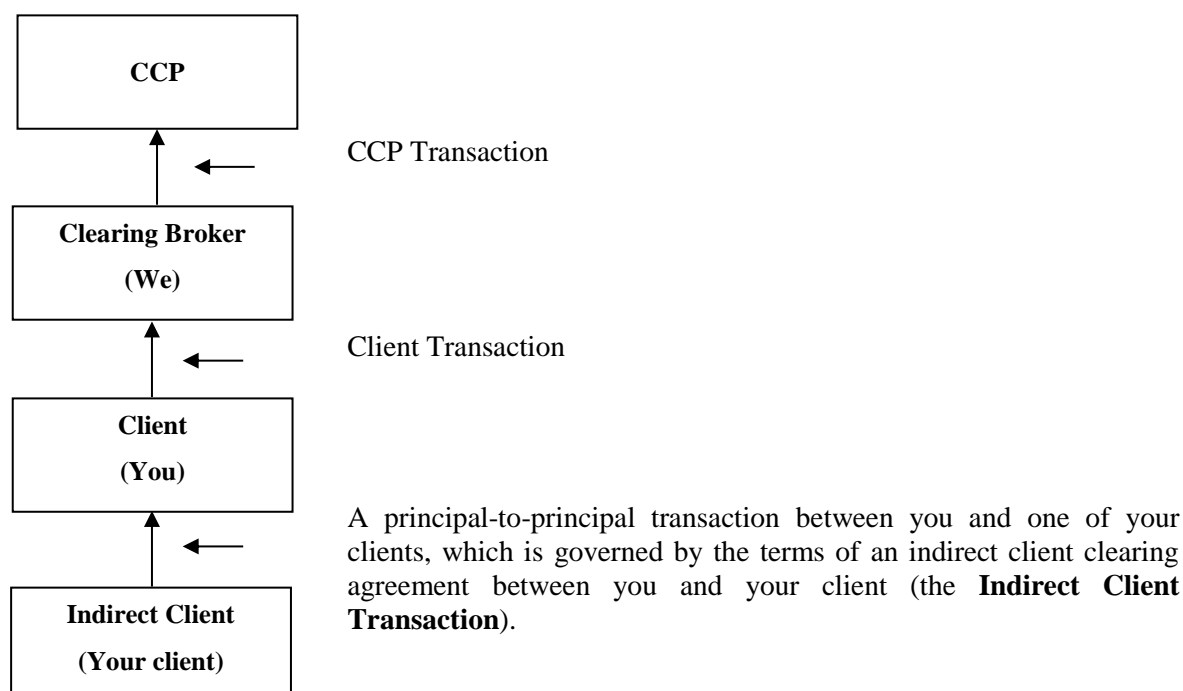
The market distinguishes two main types of clearing models: the "agency" model and the "principal-to-principal" model. KDPW has adopted the "principal-to-principal" model, and this document assumes all transactions are cleared according to this model.

The "principal-to-principal" clearing model

When clearing transactions for you through a CCP, we usually enter into two separate transactions:



Additionally, where we facilitate indirect clearing services, ie facilitate the clearing by you through us of positions for your own clients, you may enter into a third principal-to-principal transaction with one of your clients:



The terms of each Client Transaction are equivalent to those of the related CCP Transaction, except that (i) each Client Transaction will be governed by a client clearing agreement between you and us

and (ii) we will take the opposite position in the CCP Transaction to the position we have under the related Client Transaction. Similarly, where applicable, the terms of each Indirect Client Transaction are equivalent to those of the related Client Transaction which, in turn, is equivalent to those of the related CCP Transaction, except that (i) each Indirect Client Transaction will be governed by an indirect client clearing agreement between you and your client, and (ii) you will take the opposite position in the Client Transaction to the position you have under the related Indirect Client Transaction.

Under the terms of the client clearing agreement between you and us, a Client Transaction will arise without the need for any further action by either you or us, as soon as the CCP Transaction arises between us and KDPW. Once both of those transactions have been entered into, your transaction is considered to be "cleared". Similarly, where applicable, we expect that under the terms of the indirect client clearing agreement between you and your client, an Indirect Client Transaction will arise without the need for any further action by either you or your client, as soon as the Client Transaction arises between you and us. Once all three of those transactions referred to above have been entered into, your client's transaction is considered to be "cleared".

As the principal to KDPW, we are required to provide assets to KDPW as margin for the CCP Transactions that relate to you and your clients and to ensure KDPW has as much margin as it requires at any time. We will therefore ask you for margin and, where you provide it in a form which we cannot transfer to KDPW, we may transform it. If you have provided us with margin assets, you may face what we call "transit risk" - this is the risk that, if we were to default prior to providing such assets to KDPW, the assets that should have been recorded in your account at KDPW will not have been and the processes described below under *"What happens if we are declared to be in default by KDPW?"* will not be available with respect to such assets.

However, in many cases you may not actually face transit risk because KDPW often calls margin from us early in the morning so we will often use our own funds to satisfy the margin call and then seek to recover such amount from you. In these cases, it is rather that we are exposed to you for the interim period. The arrangements between you and us relating to how the margin calls will be funded will be set out in the client clearing agreement between you and us.

What if you want to transfer your Client Transactions to another clearing broker?

There may be circumstances where you wish to transfer some or all of your Client Transactions to another clearing broker on a business as usual basis (ie in the absence of us having been declared in default by KDPW). We are not obliged to facilitate this under EMIR or the Indirect Clearing RTS but we may be willing to do so subject to our ability to transfer the CCP Transactions to which they relate and the margin provided to KDPW in connection with them (which will depend on the relevant KDPW's rules) and any conditions set out in our client clearing agreement. You will also need to find a clearing broker that is willing to accept such Client Transactions and the related CCP Transactions and assets.

It may be easier to transfer Client Transactions and CCP Transactions that are recorded in an Individual Client Account than those recorded in an Omnibus Client Account (both types of account being described in more detail in Part One B) for the same reasons as set out below under *"Will the CCP Transactions and assets relating to you be automatically ported to a back-up clearing broker?"*. Similarly, it may be easier to transfer Client Transactions relating to your Indirect Client Transactions and the corresponding CCP Transactions that are recorded in a Gross Omnibus Indirect Client Account than those recorded in a Basic Omnibus Indirect Client Account (both types of accounts as well as the additional KDPW-specific accounts being described in more detail in Part One B) for the same reasons as set out below under *"Will the CCP Transactions and assets relating to you be automatically ported to a back-up clearing broker?"*.

What happens if we are declared to be in default by KDPW?

If we are declared to be in default by a KDPW, there are two possibilities with respect to the CCP Transactions and assets related to you and, where applicable, your clients

- KDPW will, at your request, try to transfer (**port**) to another clearing broker (a **back-up clearing broker**), such CCP Transactions and assets; or
- if porting cannot be achieved, KDPW will terminate the CCP Transactions that relate to you or your clients, respectively (see *"What happens if porting is not achieved"* below).

The porting process will involve a transfer of the open CCP Transactions and related assets from us to the back-up clearing broker.

Please note that under Polish insolvency law porting process may in certain circumstances be declared ineffective notwithstanding the type of an account. For details please see Part One C.

Will the CCP Transactions and assets relating to you and, where applicable, your clients be automatically ported to a back-up clearing broker?

No, there will be a number of conditions which must be satisfied before the CCP Transactions and assets that relate to you and, where applicable, your clients can be ported to a back-up clearing broker. These conditions will be set by KDPW and will include obtaining your consent. In all cases you will need to have a back-up clearing broker that has agreed to accept the CCP Transactions. You may wish to appoint a back-up clearing broker upfront as part of your clearing arrangements but the back-up clearing broker is unlikely to be able to confirm that it is willing to accept the CCP Transactions until the default occurs. The back-up clearing broker may also have conditions that they require you to meet. If you have not appointed a back-up clearing broker prior to our default, then this may mean that porting is less likely to occur.

If porting is achieved, your Client Transactions with us will terminate in accordance with our client clearing agreement, but we would expect that any Indirect Client Transactions between you and your clients would be unaffected. We would expect your back-up clearing broker to put in place new client transactions between itself and you.

The type of account and level of segregation will have an impact on the ability to port CCP Transactions and assets to a back-up clearing broker upon our default.

With regard to a Basic Omnibus Indirect Client Account and its additional KDPW-specific variations (described in more detail in Part One B), no contractual arrangements will be in place for porting and, therefore, porting will ordinarily not be available. With regard to an Omnibus Client Account (described in more detail in Part One B), in most cases, all of our clients who have CCP Transactions and assets relating to them recorded in the same Omnibus Client Account will have to agree to use the same back-up clearing broker, and the back-up clearing broker will have to agree to accept all of the CCP Transactions and assets recorded in that Omnibus Client Account. It is therefore likely to be difficult to achieve porting in relation to an Omnibus Client Account or a Basic Omnibus Indirect Client Account (and its additional KDPW-specific variations).

It should be easier to achieve porting in respect of your positions if you choose an Individual Client Account (described in more detail in Part One B), because you can appoint a back-up clearing broker with respect to just your CCP Transactions and the related assets. Similarly, it should be easier to achieve porting in respect of one of your client's positions if such client chooses a Gross Omnibus Indirect Client Account or its additional KDPW-specific variation (described in more detail in Part One B), because it allows one or more of your clients in the same Gross Omnibus Indirect Client

Account to port independently of your other clients in the same Gross Omnibus Indirect Client Account, and because, unlike a Basic Omnibus Indirect Client Account, the Gross Omnibus Indirect Client Account at KDPW level relates only to your clients (and not to clients of our other clients).

What happens if porting is not achieved?

KDPW is permitted to specify a period of time after which, if it has not been able to achieve porting, it will be permitted to actively manage its risks in relation to the CCP Transactions. If you want to port your CCP Transactions (where possible), you will need to notify KDPW and show that you can satisfy the other conditions within this period.

Otherwise, KDPW will terminate the CCP Transactions and perform a close-out calculation in respect of them in accordance with KDPW rules. If there is an amount owed by KDPW in respect of the CCP Transactions, to the extent that KDPW knows your identity and how much of that amount relates to you and, where applicable, your clients, KDPW may pay such amount directly to you. If KDPW does not know your identity and/or does not know how much of the amount relates to you and, where applicable, your clients, KDPW will pay it to us (or our insolvency practitioner) for the account of our clients.

It is more likely that KDPW will be able to pay any such amount directly to you with respect to an Individual Client Account or a Gross Omnibus Indirect Client Account (described in more detail in Part One B). This is because your identity will typically be disclosed to KDPW in these cases.

If KDPW terminates the CCP Transactions, then the Client Transactions between us and the Indirect Client Transactions between you and your clients are also likely to terminate. The termination calculations in respect of those Client Transactions and Indirect Client Transactions will be performed in accordance with the client clearing agreement between us and, where applicable, the indirect client clearing agreement between you and your clients, respectively. Such calculations will likely mirror those performed by KDPW in respect of the CCP Transactions. If you are due a payment from us as a result of the close-out calculations in respect of our Client Transactions, the amount due from us to you will be reduced by any amount that you receive (or are deemed to receive) directly from KDPW.

Please see Part One C for a consideration of the main insolvency considerations.

Part One B: Account types and the factors to consider

The types of accounts available

Unless specifically stated otherwise, reference to accounts means the accounts in the books and records of KDPW. KDPW uses these accounts to record the CCP Transactions that we enter into in connection with the clearing of your related Client Transactions and any related Indirect Client Transactions and the assets that we provide to KDPW in respect of such CCP Transactions. Additionally, we will open accounts in our books and records to record the Client Transactions we enter into with you, some of which may relate to your Indirect Client Transactions (depending on the account type), and the assets that you provide to us in respect of such Client Transactions.

There are two basic types of client accounts available at the CCP level – Omnibus Client Accounts and Individual Client Accounts. Additionally, there are two basic types of indirect client accounts available at the CCP level – the Basic Omnibus Indirect Client Accounts and Gross Omnibus Indirect Client Accounts. As far as the indirect client accounts are concerned, KDPW also allows certain types of non-standard accounts to be opened. The segregation structure of such accounts can be shaped in multiple ways, and so in this document we refer only to several exemplary types presented by KDPW on its website.

As noted, we refer you to KDPW disclosure which KDPW is required to prepare and which sets out the treatment of margin and collateral at CCP level. We have also included below a general overview of the most common segregation approaches taken by CCPs and also a high-level overview of additional KDPW-specific types of accounts.

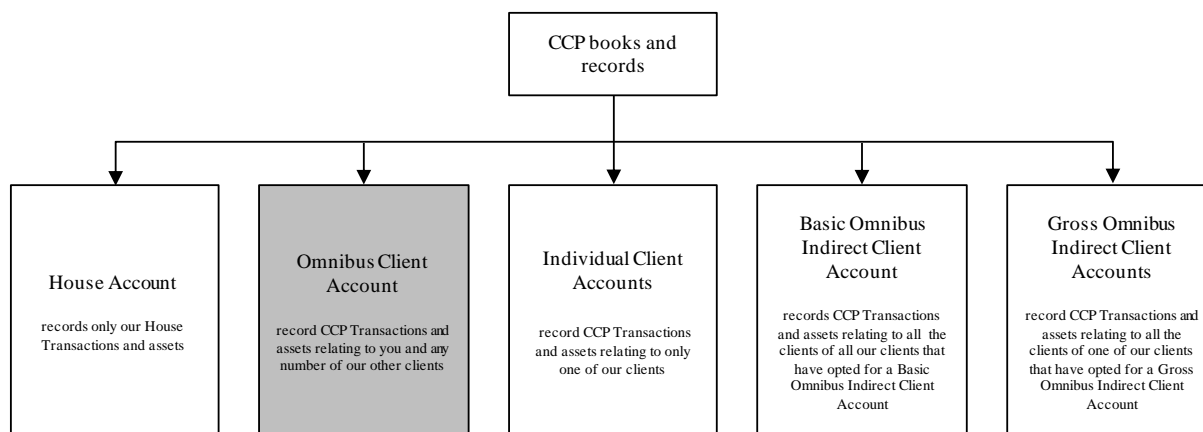
At the clearing broker level, we then open and maintain accounts corresponding to the relevant direct and indirect clearing accounts at KDPW level as described in more detail below.

Omnibus Client Account

Under this account type, at the level of KDPW, the CCP Transactions and assets that relate to them in the CCP's accounts are segregated from:

- any CCP Transactions we are clearing for our own account (our **House Transactions**) (including corresponding assets in KDPW's accounts) at KDPW;
- any CCP Transactions (including corresponding assets in KDPW's accounts) relating to any of our other clients that have opted for an Individual Client Account; and
- any CCP Transactions (including corresponding assets in KDPW's accounts) relating to your clients and any clients of our other clients (regardless of whether they have opted for a Basic Omnibus Indirect Client Account or a Gross Omnibus Indirect Client Account).

However, the CCP Transactions and assets that relate to you will be commingled with the CCP Transactions and assets relating to any of our other clients that are recorded in the same Omnibus Client Account.



Can CCP Transactions and related collateral be netted with our House Transactions and assets?	No
Can CCP Transactions and related assets be netted with those relating to our other clients?	Yes (provided the other clients' CCP Transactions and assets are recorded in the same Omnibus Client Account)
Can CCP Transactions and related collateral be netted with those relating to your clients?	No ³
Can CCP Transactions and related collateral be netted with those relating to clients of our other clients?	No

KDPW will agree not to net the CCP Transactions relating to you with our House Transactions or any CCP Transactions not recorded in the same Omnibus Client Account, nor use the assets relating to such CCP Transactions with respect to any House Transaction or CCP Transaction recorded in any other account.

However, both we and KDPW may net the CCP Transactions that are recorded in the same Omnibus Client Account. The assets provided in relation to the CCP Transactions recorded in the same Omnibus Client Account can be used in relation to any CCP Transaction (whether it relates to you or to any of our other clients) credited to that Omnibus Client Account.

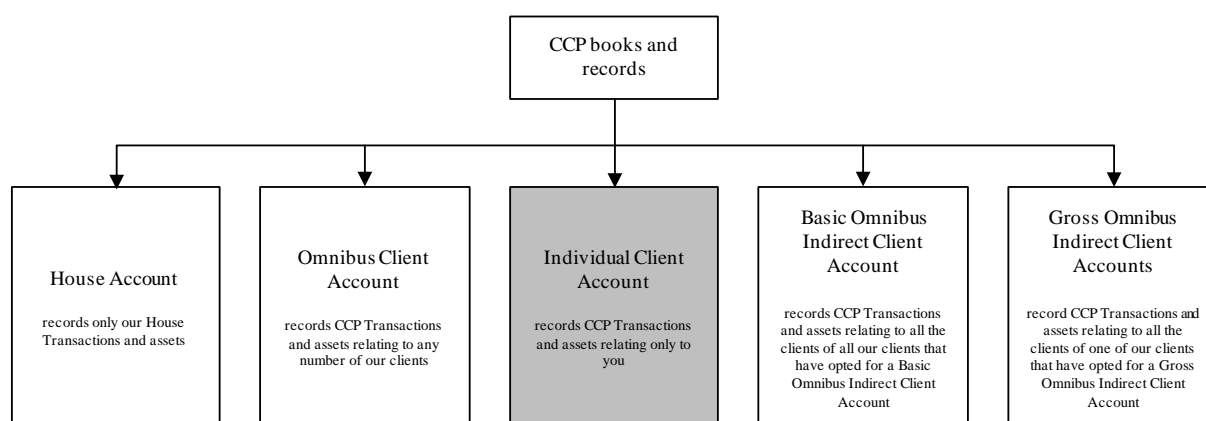
Please see Part Two for an overview of the risks you may face if you choose an Omnibus Client Account and for details of the different levels of segregation that may be available.

Individual Client Account

Under this account type, at the level of KDPW, the CCP Transactions and assets that relate to you in KDPW's accounts are segregated from

- any CCP Transactions (including corresponding assets in KDPW's accounts) relating to our House Transactions;

- any CCP Transactions (including corresponding assets in KDPW's accounts) relating to any of our other clients (regardless of whether they have opted for an Individual Client Account or an Omnibus Client Account); and
- any CCP Transactions (including corresponding assets in KDPW's accounts) relating to your clients and any clients of our other clients (regardless of whether they have opted for a Basic Omnibus Indirect Client Account or a Gross Omnibus Indirect Client Account).



Can CCP Transactions and related collateral be netted with our House Transactions and assets?	No
Can CCP Transactions and related assets be netted with those relating to our other clients?	No
Can CCP Transactions and related collateral be netted with those relating to your clients?	No ⁴
Can CCP Transactions and related collateral be netted with those relating to clients of our other clients?	No

KDPW will agree not to net the CCP Transactions relating to you with our House Transactions, nor use the assets relating to such CCP Transactions in relation to our House Transactions.

Further, and in contrast to an Omnibus Client Account, KDPW will agree not to net the CCP Transactions relating to you that are recorded to an Individual Client Account with any CCP Transaction recorded to *any* other account, nor use the assets related to such CCP Transactions in relation to the CCP Transactions recorded in any other account.

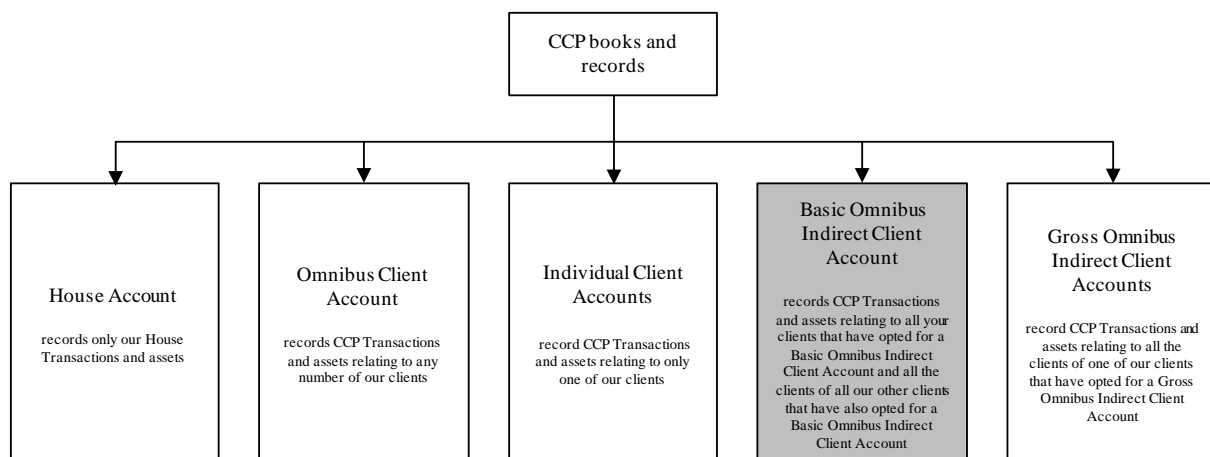
Please see Part Two for an overview of the risks you may face if you choose an Individual Client Account and additional features of Individual Client Accounts that may be available.

*Basic Omnibus Indirect Client Account*⁵

Under this account type, at the level of KDPW, the CCP Transactions (including the corresponding assets in KDPW 's accounts) relating to your clients that have opted for a Basic Omnibus Indirect Client Account are segregated from:

- any CCP Transactions (including corresponding assets in KDPW 's accounts) relating to our House Transactions;
- any CCP Transactions (including corresponding assets in KDPW 's accounts) relating to your own account or that of one of our other clients (regardless of whether you/they have opted for an Individual Client Account or Omnibus Client Account); and
- any CCP Transactions (including corresponding assets in KDPW 's accounts) relating to any of your clients or any clients of our other clients that have opted for a Gross Omnibus Indirect Client Account.

However, the CCP Transactions (including corresponding assets in KDPW 's accounts) relating to your clients that have opted for a Basic Omnibus Indirect Client Account will be commingled with the CCP Transactions (including corresponding assets in KDPW 's accounts) relating to any of your other clients and any clients of our other clients that have opted for a Basic Omnibus Indirect Client Account and which are recorded in the same Basic Omnibus Indirect Client Account.



Can CCP Transactions and related collateral be netted with our House Transactions and assets?	No
Can CCP Transactions and related assets be netted with those relating to you or our other clients?	No
Can CCP Transactions and related collateral be netted with those relating to your other clients?	Yes (provided your other clients' CCP Transactions and assets are recorded in the same Basic Omnibus Indirect Client Account)
Can CCP Transactions and related collateral be netted with those relating to clients of our other clients?	Yes (provided our other clients' clients' CCP Transactions and assets are recorded

	in the same Basic Omnibus Indirect Client Account)
--	--

KDPW will agree not to net the CCP Transactions relating to your indirect clients that have opted for a Basic Omnibus Indirect Client Account with our House Transactions or any CCP Transactions not recorded in the same Basic Omnibus Indirect Client Account, nor use the assets relating to such CCP Transactions with respect to any House Transaction or CCP Transaction recorded in any other account.

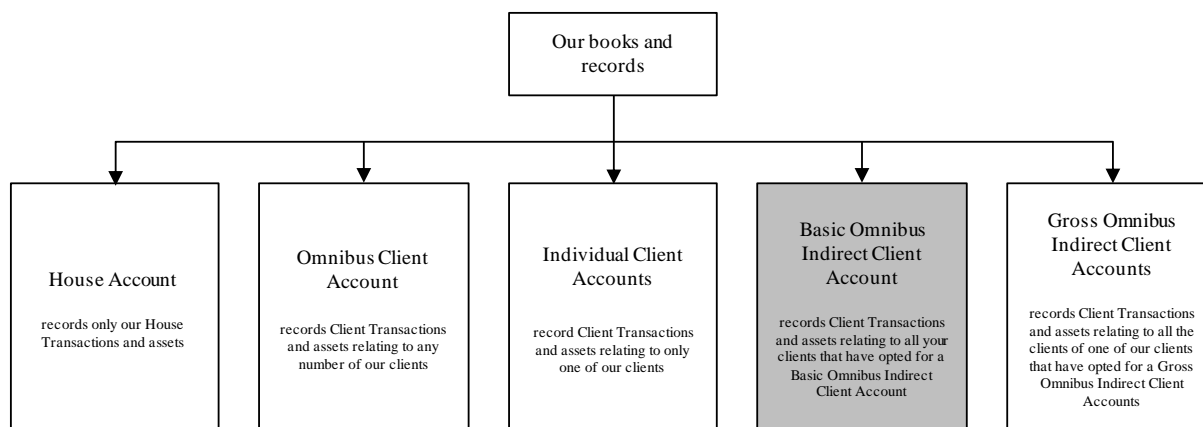
However, both we and KDPW may net the CCP Transactions that are recorded in the same Basic Omnibus Indirect Client Account. The assets provided in relation to the CCP Transactions recorded in the same Basic Omnibus Indirect Client Account can be used in relation to any CCP Transaction (whether it relates to your indirect clients or indirect clients of any of our other clients) credited to that Basic Omnibus Indirect Client Account.

Please see Part Two for an overview of the risks in relation to a Basic Omnibus Indirect Client Account and for details of the different levels of segregation that may be available.

Additionally, at the level of the clearing broker, we then open and maintain accounts corresponding to the Basic Omnibus Indirect Client Accounts at KDPW level. Under this account type, the Client Transactions (including the corresponding assets in our accounts) relating to your clients that have opted for a Basic Omnibus Indirect Client Account are segregated from:

- our House Transactions;
- any Client Transactions (including corresponding assets in our accounts) relating to your own account or that of one of our other clients (regardless of whether you/they have opted for an Indirect Client Account or Omnibus Client Account);
- any Client Transactions (including corresponding assets in our accounts) relating to any clients of our other clients that have also opted for a Basic Omnibus Indirect Client Account and which are recorded in a different Basic Omnibus Indirect Client Account; and
- any Client Transactions (including corresponding assets our accounts) relating to any of your clients or any clients of our other clients that have opted for a Gross Omnibus Indirect Client Account.

However, the Client Transactions (including corresponding assets in our accounts) relating to your clients that have opted for a Basic Omnibus Indirect Client Account will be commingled with the Client Transactions (including corresponding assets in our accounts) relating to any of your other clients that have also opted for a Basic Omnibus Indirect Client Account and which are recorded in the same Basic Omnibus Indirect Client Account.



Can Client Transactions and related collateral be netted with our House Transactions and assets?	No
Can Client Transactions and related assets be netted with those relating to you or our other clients?	No ⁶
Can Client Transactions and related collateral be netted with those relating to your other clients?	Yes (provided your other clients' Client Transactions and assets are recorded in the same Basic Omnibus Indirect Client Account)
Can Client Transactions and related collateral be netted with those relating to clients of our other clients?	No

We will not net the Client Transactions relating to your clients that have opted for a Basic Omnibus Indirect Client Account with our House Transactions or any Client Transactions not recorded in the same Basic Omnibus Indirect Client Account, nor use the assets relating to such Client Transactions with respect to any House Transaction or Client Transaction recorded in any other account.

However, we may net the Client Transactions that are recorded in the same Basic Omnibus Indirect Client Account. The assets provided in relation to the Client Transaction credited to that Basic Omnibus Indirect Client Account can be used in relation to any Client Transaction credited to that Basic Omnibus Indirect Client Account.

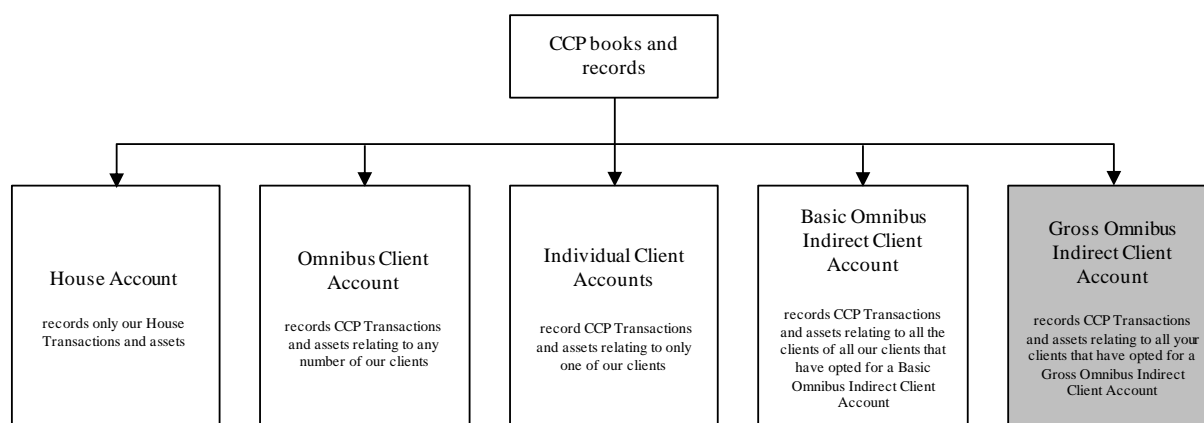
Gross Omnibus Indirect Client Account⁷

Under this account type, at the level of KDPW, the CCP Transactions (including the corresponding assets in KDPW 's accounts) relating to your clients that have opted for a Gross Omnibus Indirect Client Account are segregated from:

- any CCP Transactions (including corresponding assets in KDPW 's accounts) relating to our House Transactions;
- any CCP Transactions (including corresponding assets in KDPW 's accounts) relating to your own account or that of one of our other clients (regardless of whether you/they have opted for an Individual Client Account or Omnibus Client Account);

- any CCP Transactions (including corresponding assets in KDPW 's accounts) relating to any of your clients or any clients of our other clients that have opted for a Basic Omnibus Indirect Client Account; and
- any CCP Transactions (including corresponding assets in KDPW 's accounts) relating to any clients of our other clients that have also opted for a Gross Omnibus Indirect Client Account and which are recorded in a different Gross Omnibus Indirect Client Account.

However, the CCP Transactions (including corresponding assets in KDPW 's accounts) relating to your indirect clients that have opted for a Gross Omnibus Indirect Client Account will be commingled with the CCP Transactions (including corresponding assets in KDPW 's accounts) relating to any of your other clients that have opted for a Gross Omnibus Indirect Client Account and which are recorded in the same Gross Omnibus Indirect Client Account. Within the Gross Omnibus Indirect Client Account, KDPW will keep separate records of the positions of each of your clients that has opted for a Gross Omnibus Indirect Client Account. KDPW will also calculate the margining requirement separately for each of your clients that has opted for a Gross Omnibus Indirect Client Account and collect the aggregate of each such margin requirement.



Can CCP Transactions and related collateral be netted with our House Transactions and assets?	No
Can CCP Transactions and related assets be netted with those relating to you or our other clients?	No
Can CCP Transactions and related collateral be netted with those relating to your other clients?	<p>The CCP Transactions relating to any one of your clients that has opted for a Gross Omnibus Indirect Client Account will not be netted with the CCP Transactions relating to any of your other clients.</p> <p>However, the collateral of any one of your clients that has opted for a Gross Omnibus Indirect Client Account may be used to cover CCP Transactions of your other clients to the extent it is recorded in the same Gross Omnibus Indirect Client Account.</p>
Can CCP Transactions and related collateral be netted	No

with those relating to clients of our other clients?	
--	--

KDPW will agree not to net the CCP Transactions relating to your clients that have opted for a Gross Omnibus Indirect Client Account with our House Transactions, your CCP Transactions, the CCP Transactions relating to our other clients or any CCP Transactions relating to your other clients (regardless of whether they are recorded in the same Gross Omnibus Indirect Client Account).

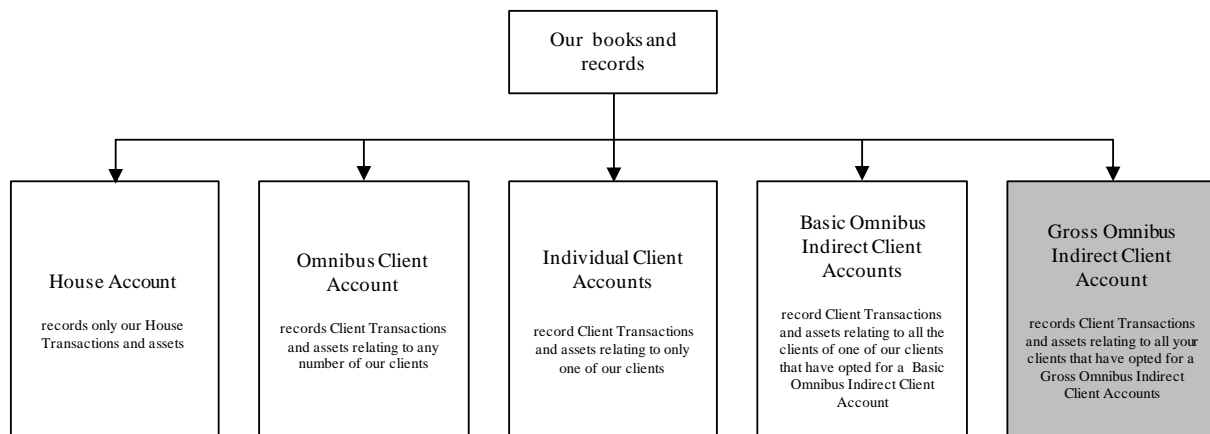
KDPW will also agree not to use the assets relating to the CCP Transactions relating to your clients that have opted for a Gross Omnibus Indirect Client Account with respect to any House Transactions, your CCP Transactions, the CCP Transactions relating to our other clients or any CCP Transactions relating to your other clients provided that they are not recorded in the same Gross Omnibus Indirect Client Account. However, the assets provided in relation to the CCP Transactions relating to one of your clients that have opted for a Gross Omnibus Indirect Client Account may be used by both KDPW and us in relation to any CCP Transaction relating to your other clients that have also opted for a Gross Omnibus Indirect Client Account.

Please see Part Two for an overview of the risks in relation to a Gross Omnibus Indirect Client Account and for details of the different levels of segregation that may be available.

Additionally, at the level of the clearing broker, we then open and maintain accounts corresponding to the Gross Omnibus Indirect Client Accounts at KDPW level. Under this account type, the Client Transactions (including the corresponding assets in our accounts) relating to your clients that have opted for a Gross Omnibus Indirect Client Account are segregated from:

- our House Transactions;
- any Client Transactions (including corresponding assets in our accounts) relating to your own account or that of one of our other clients (regardless of whether you/they have opted for an Individual Client Account or Omnibus Client Account);
- any Client Transactions (including corresponding assets in our accounts) relating to any of your clients or any clients of our other clients that have opted for a Basic Omnibus Indirect Client Account; and
- any Client Transactions (including corresponding assets in our accounts) relating to any clients of our other clients that have also opted for a Gross Omnibus Indirect Client Account and which are recorded in a different Gross Omnibus Indirect Client Account.

However, the Client Transactions (including corresponding assets in our accounts) relating to your clients that have opted for a Gross Omnibus Indirect Client Account will be commingled with the Client Transactions (including corresponding assets in our accounts) relating to any of your other clients that have also opted for a Gross Omnibus Indirect Client Account and which are recorded in the same Gross Omnibus Indirect Client Account.



Can Client Transactions and related collateral be netted with our House Transactions and assets?	No
Can Client Transactions and related assets be netted with those relating to you or our other clients?	No ⁸
Can Client Transactions and related collateral be netted with those relating to your other clients?	<p>The Client Transactions relating to any one of your clients that has opted for a Gross Omnibus Indirect Client Account will not be netted with the Client Transactions relating to any of your other clients.</p> <p>However, the collateral of any one of your clients that has opted for a Gross Omnibus Indirect Client Account may be used to cover Client Transactions of your other clients to the extent it is recorded in the same Gross Omnibus Indirect Client Account</p>
Can Client Transactions and related collateral be netted with those relating to clients of our other clients?	No

We will not net the Client Transactions relating to your clients that have opted for a Gross Omnibus Indirect Client Account with our House Transactions, your Client Transactions, the Client Transactions relating to our other clients or any Client Transactions relating to your other clients (regardless of whether they are recorded in the same Gross Omnibus Indirect Client Account).

Neither will we use the assets relating to the Client Transactions relating to your clients that have opted for a Gross Omnibus Indirect Client Account with respect to any House Transactions, your Client Transactions, the Client Transactions relating to our other clients or any Client Transactions relating to your other clients provided that they are not recorded in the same Gross Omnibus Indirect Client Account. However, we may use the assets provided in relation to the Client Transactions relating to one of your clients that have opted for a Gross Omnibus Indirect Client Account in relation to any Client Transaction relating to your other clients that have also opted for a Gross Omnibus Indirect Client Account if their assets are recorded in the same account.

Additional KDPW-specific types of indirect client accounts

In addition to basic types of indirect client accounts, KDPW offers certain types of non-standard indirect client accounts. These KDPW-specific accounts constitute modified versions of the basic types of indirect client accounts. We provide you below with a description of the distinctive features of those types of accounts but for further details please see the relevant disclosure document that KDPW is required to prepare.

Notwithstanding the Basic Omnibus Indirect Client Account, KDPW offers two exemplary modified versions of such account:

- modified version 1: the difference between this version and the Basic Omnibus Indirect Client Account is that the indirect clients have separate clearing accounts and separate client's classification numbers, which means they can be identified individually (as opposed to the Basic Omnibus Indirect Client Account where the indirect clients share one common clearing account and one common client's classification number); and
- modified version 2: the difference between this version and the Basic Omnibus Indirect Client Account is that the indirect clients have separate clearing accounts while still having one common client's classification number and so are unidentifiable (as opposed to the Basic Omnibus Indirect Client Account where the indirect clients share one common clearing account).

As far as the Gross Omnibus Indirect Client Account is concerned, KDPW offers, amongst other possible variations, its modified version and the main difference between that version and the Gross Omnibus Indirect Client Account is a common collateral account available for indirect clients (as opposed to the Gross Omnibus Indirect Client Account which provides for a separate collateral account for each indirect client).

Affiliates

We treat our affiliates in the same way as clients when complying with EMIR and the Indirect Clearing RTS. This means that affiliates also have a choice between types of account. An affiliate may be part of the same omnibus account as other clients.

Other factors that may impact on the level of protection you receive in respect of assets that you provide to us as margin for Client Transactions

There are a number of factors that, together, determine the level of protection you will receive in respect of assets that you provide to us as margin for Client Transactions:

- whether you choose an Omnibus Client Account or an Individual Client Account and whether your clients choose a Basic Omnibus Indirect Client Account or a Gross Omnibus Indirect Client Account (as discussed under *"The types of accounts available"* above);
- whether, if you choose an Omnibus Client Account, you would want a gross or net account;
- in each case, whether such assets are transferred by way of title transfer or security interest;
- whether we call any excess margin from you or you pay excess margin to us;
- whether you will get back the same type of asset as you provided as margin; and

- the bankruptcy, resolution and other laws that govern us and KDPW.

The rest of Part One B sets out further details for each of these variables and their implications under Polish Law.

Would you prefer a gross or net Omnibus Client Account?

[Prior to the Indirect Clearing RTS coming into force, the CCPs (including KDPW) are only required to offer one type of Omnibus Client Account (and one type of Individual Client Account) with regard to direct clearing under EMIR, but some of them have developed a range of accounts within these two types with features that provide different degrees of segregation. These are discussed in more detail in Part Two. There are two main levels of segregation within Omnibus Client Accounts:

- Net is where the margin called by the CCP in respect of the CCP Transactions is called on the basis of the net CCP Transactions recorded in the Omnibus Client Account.
- Gross is where the margin called by the CCP Transactions is called on the basis of the gross CCP Transactions recorded in the Omnibus Client Account.

These two different versions of the Omnibus Client Account are reflected in the two indirect client accounts required under the Indirect Clearing RTS, which envisage one gross omnibus account in the form of the Gross Omnibus Indirect Client Account and one omnibus account that may be net in the form of the Basic Omnibus Indirect Client Account.

It may be easier to port CCP Transactions and their related assets, both in business as usual and default circumstances, with regard to a gross Omnibus Client Account or Gross Omnibus Indirect Client Account than a net Omnibus Client Account or Basic Omnibus Indirect Client Account. This is because KDPW is more likely to have sufficient assets to facilitate the porting of the CCP Transactions that relate to you or, where applicable, your clients and those that relate to another client or, where applicable, their clients separately if it has called the margin on a gross basis. That said, different KDPW's accounts have been designed in different ways and so you should consider KDPW's information about the specific accounts to understand the exact differences. Please see Part Two for more details on the accounts that KDPW is obliged to offer with respect to direct and indirect clearing.. For details of the KDPW-specific accounts discussed in the section entitled *Additional KDPW-specific types of indirect client accounts*, please also refer to the KDPW disclosure.

Will you provide cash or non-cash assets as margin for the Client Transactions?

As noted under "*The "principal-to-principal" clearing model*" in Part One A, as a clearing member of the CCP, we are required to transfer assets to the CCP in respect of the CCP Transactions related to your Client Transactions and any Indirect Client Transactions. KDPW only accepts certain types of liquid cash and non-cash assets as margin.

As is market practice, we will decide what types of assets to accept from you as margin for your Client Transactions. This will be set out in the client clearing agreement between us. What we will accept from you as margin for the Client Transactions will not necessarily be the same type of assets that KDPW will accept from us for the CCP Transactions, in which case we may provide you with a collateral transformation service, under which we transform the assets you provide to those which we can pass onto KDPW.

Do you provide assets to us on a title transfer or a security interest basis?

As is market practice, we will decide the basis on which we are willing to accept assets from you. This will be set out in the client clearing agreement between us.

Title Transfer

Where the client clearing agreement provides for the transfer of assets by way of title transfer, when you transfer assets (**Transferred Assets**) to us, *we* become the *full owner* of such assets and you lose all rights in such assets. We will record in our books and records that we have received such Transferred Assets from you with respect to the applicable Client Transaction. We will be obliged to deliver to you equivalent assets to such Transferred Assets (**Equivalent Assets**) in the circumstances set out in the client clearing agreement.

We may either transfer such Transferred Assets on to KDPW with respect to the CCP Transaction related to the Client Transaction or any Indirect Client Transaction, or we may transfer other assets to KDPW with respect to such CCP Transaction.

You bear our credit risk with respect to our obligation to deliver Equivalent Assets to you. This means that if we were to fail, unless we are declared to be in default by KDPW, you will have no right of recourse to KDPW or to any assets that we transfer to KDPW and you will instead have a claim against our estate for a return of the assets along with all our other general creditors. Even if we are declared to be in default by KDPW, the extent of your rights in relation to KDPW, if any, will depend on KDPW.

Security Interest

Where the client clearing agreement provides for the transfer of assets by way of security interest, when you transfer assets to us, you *retain* full ownership of such assets. Such assets are transferred to us on the basis that the assets still belong to you, but you have granted us a security interest with respect to such assets.

We may enforce that security interest if you default in your obligations to us. Absent the exercise of any right of use by us (see below), only at the point of such enforcement would title in such assets or their liquidation value transfer to us. We will record in our books and records that we have received such assets from you with respect to the applicable Client Transaction.

Prior to any such default, and if permitted by the relevant client clearing agreement and/or the security interest, you may also give us a right to use such assets. Until such time as we exercise such right of use, the assets continue to belong to you. Once we exercise the right of use (eg by posting the assets to KDPW), the assets will cease to belong to you and in effect become our assets, at which point you will bear our credit risk in a similar way to the title transfer arrangements. The circumstances in which we may exercise such right of use and the purposes for which we may use any assets will be set out in the client clearing agreement between us.

How will any excess margin we call from you be treated?

We are required to treat excess margin in a particular way in relation to an Individual Client Account. Excess margin is any amount of assets we require from you or you provide to us in respect of a Client Transaction that is over and above the amount of assets KDPW requires from us in respect of the related CCP Transaction.

If you choose an Individual Client Account we are required to pass all excess margin on to KDPW. If you provide us with assets which are not related to your individually segregated clearing activities at

KDPW and such assets are not dedicated to cover your current positions with KDPW, then we do not need to post such assets on to KDPW, provided that the following requirements are fulfilled: (i) we have contractually agreed this with you (in advance); and (ii) the assets are not dedicated to cover the current positions with KDPW and are clearly identified as such. Fulfilment of these two conditions should be supported by appropriate documentation.

Also, if the excess margin you provide to us is not in the form of assets which are eligible to be posted to KDPW (in accordance with KDPW's rules), unless we agree otherwise, we have no obligation to transform such assets into assets that would be eligible to be posted to KDPW. The details of this will be set out in the client clearing agreement between you and us.

If you provide us with collateral in the form of a bank guarantee in our favour, we are not required to post on to KDPW an amount of assets equal to the value of the portion of the bank guarantee which exceeds the amount of margin we have called from you in respect of the relevant Client Transaction(s).

In relation to an Omnibus Client Account, a Basic Omnibus Indirect Client or a Gross Omnibus Indirect Client Account, we are not required to pass any excess margin on to KDPW. Depending on the terms on which we hold excess margin, you may take credit risk on us in respect of it.

Will you get back the same type of asset as you originally provided to us as margin for a Client Transaction?

In a business as usual situation, whether we will deliver the same type of asset to you that you originally provided to us will be governed by the client clearing agreement between us.

In the event of our default, if you are due a payment, you may not receive back the same type of asset that you originally provided to us. This is because KDPW is likely to have wide discretion to liquidate and value assets and make payments in various forms, and also because KDPW may not know what form of asset you originally provided to us as margin for the Client Transaction and as a result of any asset transformation services we may provide. This risk is present regardless of what type of client account you select.

Please see Part One C for a consideration of the main insolvency considerations.

Part One C: What are the main insolvency considerations?

General insolvency risks

If we enter into insolvency proceedings, you may not receive all of your assets back or retain the benefit of your positions and there are likely to be time delays and costs (eg funding costs and legal fees) connected with recovering those assets. These risks arise in relation to Individual Client Accounts, Omnibus Client Accounts, Basic Omnibus Indirect Client Accounts and Gross Omnibus Indirect Client Accounts because:

- except for the CCP-specific porting solutions described in Part One A and the comments in the section *Margin rights* below, you will not have any rights directly against KDPW; and will only have contractual claims against us (ie rather than being able to recover particular assets as the owner);
- if insolvency proceedings against us in form of the bankruptcy proceedings (*postępowanie upadłościowe*) is initiated, then you will be treated as other creditors, however certain exceptions will be applicable to you as we are a member of a payment system/securities settlement system. For details please see section “*Our insolvency*” below;
- any stage of a cleared transaction (eg Client Transactions, Indirect Client Transactions, CCP Transactions and porting) may be challenged by a court or a receiver if, broadly speaking, it was not on arm's length terms;
- insolvency law may override the terms of contractual agreements so you should consider the legal framework as well as the terms of disclosures and legal agreements; and
- a large part of your protection comes from KDPW arrangements and the legal regimes surrounding them. Therefore, you should understand these to evaluate the level of protection that you have on our default. It is important that you review the relevant disclosure by KDPW in this respect.

Insolvency of KDPW and others

Except as set out in this section “*Insolvency of KDPW and others*”, this disclosure deals only with our insolvency. You may also not receive all of your assets back or retain the benefit of your positions if other parties in the clearing structure default – eg KDPW itself, a custodian or a settlement agent.

In relation to KDPW insolvency, broadly speaking our (and therefore your) rights will depend on the laws of Poland (where KDPW is incorporated) and the specific protections that KDPW has put in place. You should review KDPW disclosure carefully in this respect and take legal advice to fully understand the risks in this scenario.

In addition, please note the following:

- we expect that an insolvency official will be appointed to manage KDPW. Our rights against KDPW will depend on the relevant insolvency law and/or that insolvency official;
- it will be difficult or impossible to port CCP Transactions and related margin, so it would be reasonable to expect that they will be terminated at KDPW level. The steps, timing, level of control and risks relating to that process will depend on KDPW, its rules and the relevant insolvency law. However, it is likely that there will be material delay and uncertainty around when and how much assets or cash we will receive back from KDPW. Subject to the bullet

points below, it is likely that we will receive back only a percentage of assets available depending on the overall assets and liabilities of KDPW;

- it is unlikely that you will have a direct claim against KDPW because of the principal-to-principal model described in Part One A; and
- under the client clearing agreement, Client Transactions will terminate at the same time as the matching CCP Transactions. This will result in a net sum owing between you and us. However, your claims against us are limited recourse so that you will only receive amounts from us in relation to Client Transactions if we receive equivalent amounts from KDPW in relation to relevant CCP Transactions.

Our insolvency

Please note the key issues regarding our insolvency:

- we are a member of a payment system/securities settlement system in the meaning of Article 1(1) and 1(2) of the Polish Settlement Finality Act⁹;
- under Article 80 of the Bankruptcy Law¹⁰, our bankruptcy will not preclude the right to use money and financial instruments (which are not encumbered with a right in rem for the benefit of third persons) that are kept and registered in our clearing account, as well as financial instruments recorded in our clearing account as a security for a loan granted within the payment system/securities settlement system, if that loan may be made available under the existing loan agreement, in order to pay our debts arising from settlement orders registered in the system at the latest on the system's business day commencing on the day of the declaration of the bankruptcy;
- under Article 66 of the Bankruptcy Law, our bankruptcy estate will not include the assets referred to above or any other assets that may be necessary to perform our obligations as a member of the system incurred prior to the declaration of bankruptcy;
- after the performance of our obligations, the remaining assets will be included in our bankruptcy estate;
- under Articles 136 and 137 of the Bankruptcy Law, if we are declared bankrupt, the legal effect of entering a settlement order in the system and the results of netting cannot be challenged if the order was entered in the system before the declaration of bankruptcy. If the settlement order is entered after the declaration of bankruptcy and is executed on a business day of the system beginning on the date of declaration of bankruptcy the legal effect of entering that order can be challenged only if the manager of the system proves that at the time when the order became irrevocable (according to the rules of the functioning of the system), the manager was unaware or could not have been aware that the bankruptcy had been declared;
- under Article 45e of the Act on Trading in Financial Instruments¹¹, insolvency proceedings or any other proceedings against us, or opening of our liquidation, which would result in a suspension or cessation of the performance of our obligations or in a limitation of our ability to dispose by us of our assets will have no legal effect on the assets on our depositary account, omnibus account, securities account, cash account or bank account to the extent in which the assets are dedicated to carry out the settlement of transactions in the settlement entity, even if such proceedings were commenced before the settlement of transactions; and

- insolvency law gives certain statutory creditors priority over secured creditors. This means that some creditors may have a claim on client account assets ahead of you. Statutory creditors are likely to include, amongst others, our insolvency official (eg in respect of its costs and expenses).

Margin rights

On our insolvency your rights to the provided margin will be limited. If it is cash, you will be an unsecured creditor in relation to any remaining cash that you transferred to us. Similarly, if you transferred to us securities, you will have an unsecured claim to return those securities that will constitute part of our bankruptcy estate.

The actual result in either case will be specific and will depend on, amongst others, the exact term of our arrangements, how we have operated accounts and claims of other intermediaries (eg custodians, sub-custodians and settlement systems) to those assets.

Close-out netting

If we default and KDPW cannot port the CCP Transactions and collateral then we would expect it to terminate and net our outstanding CCP Transactions and apply related assets.

Please also note more generally that your freedom to terminate Client Transactions may be more limited under the client clearing agreement than in other arrangements that you may be used to. For example, under our client clearing agreement termination may only be possible if KDPW has declared us to be in default under KDPW 's rules, in order to match the treatment of CCP Transactions and Client Transactions as much as possible. However, this may mean that – unless KDPW declares a default under its rules - you cannot terminate Client Transactions for common reasons such as a payment default on our part.

Porting

In the event of insolvency proceedings being opened against us, the effectiveness of the porting will be determined by relevant provisions of Polish law. However, there is a risk that porting pursuant to KDPW 's rules will be ineffective because a power of attorney given by us to KDPW to effect the porting will expiry on our insolvency. We recommend consulting with professional legal advisors on this issue.

Mismatch of CCP/Client Transactions and assets

It could be that our net assets in relation to CCP Transactions do not match our net obligations to each other in relation to the matching Client Transactions. This can slow down or make porting impossible either operationally or legally.

For example, it may occur at KDPW level as a result of Fellow Client Risk (see the explanation of this term in Part Two of this document) in an Omnibus Client Account or a Gross Omnibus Indirect Client Account, with the result that there are insufficient assets available for porting to satisfy our obligations to you in relation to the Client Transactions.

Part Two: CCP client account structures

As noted in Part One B, each CCP (including KDPW) may offer at least one Omnibus Client Account and/or at least one Individual Client Account by changing some of the features. This Part Two contains an overview of the main levels of segregation within each account type that KDPW is obliged to offer with respect to direct and indirect clearing, together with an overview of the main protections afforded by and the main legal implications of each. In this Part Two we do not refer to the additional KDPW-specific indirect client accounts that have been described in Part One B in the section entitled *Additional KDPW-specific types of indirect client accounts*.

As mentioned above, the descriptions given in this Part Two are very high level and consider the typical features of these client account types and the minimum requirements for indirect client account types under the Indirect Clearing RTS, and the respective levels of segregation. However, the particular characteristics of the accounts will affect the exact levels of protection they offer and the legal implications so you must review the information provided by KDPW to fully understand the risks of the specific account we maintain in relation to you at KDPW.

KDPW is required to publish information about the client account structures it offers under EMIR and we have provided a link to the relevant part of the website of KDPW¹². You may also need to seek professional advice to understand the differences in detail. However, we hope that the questions raised and factors described in both parts of this document will help you to know which questions to ask and to understand the impact of the answers you receive.

The descriptions of the client accounts have been prepared on the basis of publicly available disclosure documents made available by a selection of CCPs. We are not responsible for, and do not accept any liability whatsoever, for any content or omissions or inaccuracies contained in the information produced by CCPs. The descriptions of the indirect client accounts have been prepared on the basis of the minimum requirements in the Indirect Clearing RTS.

The Annex seeks to compare the main account types and levels of segregation against the following risks:

Risks used to compare each account type and level of segregation	Explanation of risk
Transit Risk	Whether you are exposed to us at any point in the process of providing or receiving margin in respect of Client Transactions.
Fellow Client Risk	Whether assets provided to the CCP in respect of CCP Transactions related to you/ your clients could be used to cover losses in CCP Transactions relating to another client/ clients of another client.
Liquidation Risk	Whether, if the CCP Transactions and assets relating to them were to be ported, there is a risk that any non-cash assets would be liquidated into cash. If this were to happen, the value given to such assets by the CCP may differ from what you perceive to be the full value of the assets.

Risks used to compare each account type and level of segregation	Explanation of risk
Haircut Risk	Whether the value of the assets that relate to CCP Transactions might be reduced or not increase by as much as you expect because KDPW applied a haircut that did not properly reflect the value of the asset.
Valuation Mutualisation Risk	Whether the value of the assets that relate to CCP Transactions could be reduced or not increase by as much as you expect because the assets posted in relation to other clients' CCP Transactions have decreased in value.
CCP Insolvency Risk	Whether you are exposed to the insolvency or other failure of KDPW.

Typical account characteristics at the CCP level

	Net Omnibus Client Account	Basic Omnibus Indirect Client Account	Gross Omnibus Client Account	Gross Omnibus Indirect Client Account	Individual Client Account
Who will the CCP Transactions recorded in the account relate to?	Net Omnibus Client Accounts record both assets and CCP Transactions that relate to you and the assets and CCP Transactions that relate to one or more of our other clients.	Basic Omnibus Indirect Client Accounts record both assets and CCP Transactions that relate to your clients that have opted for a Basic Omnibus Indirect Client Account and the assets and CCP Transactions that relate to the clients of our other clients that have opted for Basic Omnibus Indirect Client Account.	Gross Omnibus Client Accounts record assets and CCP Transactions that relate to you and the assets and CCP Transactions that relate to one or more of our other clients.	Gross Omnibus Indirect Client Accounts record assets and CCP Transactions that relate to your clients that have opted for a Gross Omnibus Indirect Client Account.	Only assets and CCP Transactions that relate to you should be recorded in an Individual Client Account.
Which losses can assets recorded in the account be used for?	Assets that are provided to KDPW as margin for a CCP Transaction recorded in a net Omnibus Client Account may be used to cover any losses in that account, whether such losses relate to the CCP Transactions relating to you or CCP Transactions relating to another client. ¹³	Assets that are provided to KDPW as margin for a CCP Transaction recorded in a Basic Omnibus Indirect Client Account may be used to cover any losses in that account, whether such losses relate to the CCP Transactions relating to your clients or CCP Transactions relating to clients of our other clients.	Assets that are provided to KDPW as margin for the CCP Transactions recorded in a gross Omnibus Client Account may be used to cover any losses in that account, whether such losses relate to the CCP Transactions relating to you or CCP Transactions relating to another client. ¹⁴	Assets that are provided to KDPW as margin for the CCP Transactions recorded in a Gross Omnibus Indirect Client Account may be used to cover any losses of any of your clients in that account.	Assets that are provided to KDPW as margin for CCP Transactions recorded in an Individual Client Account may only be used to cover losses in that account.

	Net Omnibus Client Account	Basic Omnibus Indirect Client Account	Gross Omnibus Client Account	Gross Omnibus Indirect Client Account	Individual Client Account
Will the CCP know which CCP Transactions and types of assets relate to you/ your clients?	KDPW may not know which CCP Transactions and assets recorded in a net Omnibus Client Account relate to you.	KDPW may not know which CCP Transactions and assets recorded in a Basic Omnibus Indirect Client Account relate to your individual clients.	KDPW may not know which CCP Transactions and assets recorded in a gross Omnibus Client Account relate to you.	KDPW will know which CCP Transactions relate to your clients, but may not know which types of assets relate to your clients.	Yes
Will the CCP record the assets provided by value only or will it identify the type of asset provided?	KDPW may identify in its records the type of asset provided as margin for the net Omnibus Client Account but will not be able to identify which type of assets relate to any client's CCP Transactions within that net Omnibus Client Account.	KDPW may identify in its records the type of asset provided as margin for the Basic Omnibus Indirect Client Account but will not be able to identify which type of assets relate to any indirect client's CCP Transactions within that Basic Omnibus Indirect Client Account.	KDPW may identify in its records the type of asset provided as margin for the gross Omnibus Client Account but is unlikely to be able to identify anything other than the value of the assets provided in respect of any client's CCP Transactions within that gross Omnibus Client Account.	KDPW may identify in its records the type of asset provided as margin for the Gross Omnibus Indirect Client Account but is unlikely to be able to identify anything other than the value of assets provided in respect of any of your client's CCP Transactions within that Gross Omnibus Indirect Client Account.	KDPW should identify in its records the type of asset provided as margin for an Individual Client Account.
Will the CCP Transactions recorded in the account be netted?	It is likely that the CCP Transactions recorded in the account will be netted. This means that CCP Transactions that relate to you may be netted with CCP Transactions that relate	It is likely that the CCP Transactions recorded in the account will be netted. This means that CCP Transactions that relate to your clients may be netted with CCP Transactions that relate	CCP Transactions relating you in the account will be netted with other CCP Transactions relating to you. However CCP Transactions relating to you should not be netted with CCP	CCP Transactions relating to any one of your clients in the account will be netted with other CCP Transactions relating to that same client. However, CCP	CCP Transactions are likely to be netted, but should not be netted against the CCP Transactions relating to any of our other clients.

	Net Omnibus Client Account	Basic Omnibus Indirect Client Account	Gross Omnibus Client Account	Gross Omnibus Indirect Client Account	Individual Client Account
	to our other clients whose CCP Transactions are recorded in the same net Omnibus Client Account.	to clients of our other clients whose CCP Transactions are recorded in the same Basic Omnibus Indirect Client Account.	Transactions relating to any of our other clients recorded in the same Gross Omnibus Client Account.	Transactions relating to that client should not be netted with CCP Transactions relating to any of your other clients recorded in the same Gross Omnibus Indirect Client Account.	
Will the margin be calculated on a gross or net basis?	The margin will be calculated on a net basis.	The margin will be calculated on a net basis.	The margin will be calculated on a gross basis.	The margin will be calculated on a gross basis.	The margin requirement for an Individual Client Account will typically be calculated on a net basis.
Will you have to enter into any documentation or operational arrangements directly with the CCP?	You may have to enter into legal documentation to which KDPW is party. It is unlikely that you will have to set up any operational arrangements with KDPW directly.	You may have to enter into legal documentation to which KDPW is party. It is unlikely that you will have to set up any operational arrangements with KDPW directly.	You may have to enter into legal documentation to which KDPW is a party. It is possible but unlikely that you will have to set up operational arrangements with KDPW directly.	You may have to enter into legal documentation to which KDPW is party. It is possible but unlikely that you will have to set up some operational arrangements with KDPW directly.	You may have to enter into legal documentation to which KDPW is a party. It is also possible that you will have to set up some operational arrangements with KDPW directly.

	Net Omnibus Client Account	Basic Omnibus Indirect Client Account	Gross Omnibus Client Account	Gross Omnibus Indirect Client Account	Individual Client Account
Transit Risk	Yes	Yes	Yes	Yes	Yes
Fellow Client Risk	Yes	Yes	Yes	Yes	No
Liquidation Risk	Yes (unless KDPW is able to port the assets recorded in the account or is able to transfer the assets to you without needing to liquidate some or all of them first).	Yes	Yes (unless KDPW is able to port the assets recorded in the account or is able to transfer the assets to you without needing to liquidate some or all of them first).	Yes (unless KDPW is able to port the assets recorded in the account or is able to transfer the assets to you without needing to liquidate some or all of them first).	Yes (unless KDPW is able to port the assets recorded in the account or is able to transfer the assets to you without needing to liquidate some or all of them first).
Haircut Risk	Yes	Yes	Yes	Yes	Yes
Valuation Mutualisation Risk	Yes	Yes	Yes	[Yes]	No
CCP Insolvency Risk	Yes	Yes	Yes	Yes	Yes
How likely it is that porting will be achieved if we default?	There is a significant risk that porting will not be achieved in respect of positions and assets recorded in a net Omnibus Client Account.	Unlikely	There is a significant risk that porting will not be achieved in respect of positions and assets recorded in a gross Omnibus Client Account.	If you have satisfied all of the CCP's and back-up clearing member's conditions, porting is more readily facilitated in the event of our default. .	If you have satisfied all of the CCP's and back-up clearing member's conditions, porting is more readily facilitated in the event of our default. .

[Additional features that may be available for Individual Client Accounts]

Some CCPs may offer additional Individual Client Accounts with special features that have been designed to mitigate certain of the risks identified under *"Typical account structures"* above. Below is a high level overview of some of the common additional features. The extent to which any risks are mitigated by these additional features, if at all, will depend on the structures used by an individual CCP. Again, therefore, you must review the information provided by KDPW in order to evaluate the actual risks to you and you may need some professional advice. It is likely that these additional features will only be available to certain types of clients that meet KDPW's requirements. These additional features are not required by EMIR. Accordingly, KDPW is not obliged to offer them nor are we obliged to facilitate access to them.

Additional feature	High level overview of the additional feature	Which risks might this feature mitigate?
Extended porting period	<p>In the event of our default, this feature has been designed to allow more time for porting to be achieved.</p> <p>For a set period of time (decided by KDPW) following our default, the CCP Transactions and assets that relate to you will continue to be held in an account which KDPW will identify as directly relating to you. If you find a back-up clearing broker, these CCP Transactions and assets will then be transferred to one of their client accounts. If you do not find a back-up clearing broker, they will be terminated and the close-out value returned to you.</p> <p>Where KDPW treats the Client as an interim Clearing Member, it is possible that KDPW may expect you to contribute to the default fund and may require additional margin, including variation margin, to be provided in respect of the CCP Transactions transferred to you.</p> <p>It is possible that you may have to set up such accounts as KDPW requires and have the ability to make payments directly to KDPW. KDPW may also have an additional list of requirements that you will have to satisfy to be able to use the extended porting period.</p>	<p>This may make porting more likely to be achieved.</p>

Additional feature	High level overview of the additional feature	Which risks might this feature mitigate?
Separate custody account (in the name of the CCP) for the assets that have been provided as margin for positions relating to you	<p>The assets relating to your positions are held in a separate account (in KDPW 's name) at KDPW 's custodian from any other assets held for KDPW.</p> <p>It is likely that you will have to enter into additional legal documentation with us and KDPW.</p>	<p>This may make porting more likely to be achieved.</p>
Ability for you to keep assets required as margin for positions relating to you in a custody account in your name.	<p>It is likely that you will have to enter into additional legal documentation and security arrangements with us and KDPW, and any custodian or settlement bank used under this structure.</p> <p>This additional feature may be restricted to certain types of non-cash assets.</p> <p>The custodian may be specified by or require the approval of KDPW.</p> <p>There will be additional operational requirements that you will need to meet in order to use this type of additional feature.</p>	<p>Transit Risk</p> <p>CCP Insolvency Risk</p> <p>This may make porting more likely to be achieved.</p>
Ability for you to post margin directly to the CCP.	<p>You may be able to post margin directly to KDPW rather than you posting it to us, and us in turn posting it on to KDPW.</p> <p>This form of account may require you to have an account with particular custodians and settlement banks. The custodians and settlement banks are likely to be specified by KDPW.</p> <p>You will have to enter into additional legal documentation with us and KDPW.</p> <p>There will be additional operational requirements which you will need to meet in order to use this type of additional feature.</p>	<p>Transit Risk</p>

]

Links to KDPW disclosure documents

Please note that this link has been included for convenience only. In the event that it does not work, you should contact KDPW directly.

Disclosure documents: https://www.kdpwccp.pl/en/Members/Organised_trading/Pages/Accounts.aspx

-
- ¹ Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories.
- ² Commission Delegated Regulation (EU) 2017/2154 of 22 September 2017 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council with regard to regulatory technical standards on indirect clearing arrangements.
- ³ Please note that the clearing agreement between you and us may allow us to apply any positive liquidation balance of your proprietary account to any negative liquidation balances owed in respect of your clients' accounts.
- ⁴ Please note that the clearing agreement between you and us may allow us to apply any positive liquidation balance of your proprietary ICA to any negative liquidation balances owed in respect of your clients' accounts.
- ⁵ This description is based on Articles 4(2)(a) and 4(4)(a) of the Indirect Clearing RTS. Please note that we have based our analysis on the minimum requirements as set out in the Indirect Clearing RTS. Therefore, we have assumed that positions in a Basic Omnibus Indirect Client Account would be held on a net basis and margin would also be collected on a net basis.
- ⁶ Please note that the clearing agreement between you and us may allow us to apply any positive liquidation balance of your proprietary account to any negative liquidation balances owed in respect of your clients' accounts.
- ⁷ This description is based on Articles 4(2)(b) and 4(4)(b) of the Indirect Clearing RTS.
- ⁸ Please note that the clearing agreement between you and us may allow us to apply any positive liquidation balance of your proprietary account to any negative liquidation balances owed in respect of your clients' accounts.
- ⁹ The Act on Finality of Settlement in a Payment System and in a Securities Settlement System and on the Rules of Supervision over These Systems dated 24 August 2001 (J. L. 2016, item 1224).
- ¹⁰ The Bankruptcy Law dated 28 February 2003 (J.L. 2016, item 2171).
- ¹¹ The Act on Trading in Financial Instruments dated 29 July 2005 (J.L. 2017, item 1768).
- ¹² It is not clear whether these are the documents published by KDPW pursuant to Article 39(7) and we assume they may be updated in due course in any event.
- ¹³ Please note that the clearing agreement between you and us may allow us to apply any positive liquidation balance of your proprietary account to any negative liquidation balances owed in respect of your clients' accounts.
- ¹⁴ Please note that the clearing agreement between you and us may allow us to apply any positive liquidation balance of your proprietary account to any negative liquidation balances owed in respect of your clients' accounts.