

## **Pricing Guidelines for Clearing Services of Exchange Traded Derivatives (ETD) offered by Erste Securities Polska S.A.**

The purpose of this pricing guideline is to disclose the fees and commissions arising from the provision of clearing services by Erste Securities Polska S.A. ("ESP") for derivatives trades cleared for clients at a central counterparty ("CCP" or "clearing house") under the regime of EMIR<sup>1</sup> and MiFIR<sup>2</sup>.

This document may be updated in irregular periods, with the most recent version being made available on our website. You should always ensure that you consider the most recent version of relevant disclosure documents on the website, which will supersede and override any previous version.

The terms and conditions of fees and commission chargeable as well as the process of handling orders of derivatives will be agreed with each client in a separate document and the terms of payment and collection of such fees are set out in the client agreement between the client and ESP.

Additional article 39(7) of EMIR and the final indirect clearing RTS<sup>3</sup> also require that CCPs and their clearing members (CM) disclose details of the available segregation models (i.e. basic (net) omnibus segregated accounts ("BOSA") or gross omnibus segregated accounts ("GOSA")) for indirect clearing of ETD and the costs involved with each segregation model. The possible costs implications of different models are addressed in this document and information on other aspects is available via the following link which will be available since January 2018:

<https://www.esp.pl/en/o-nas/informacje-prawne#regulacje3>

### **Fundamental Pricing Considerations**

ESP's charges set out below are indicative of the highest charge applied to the stand alone provision of clearing services before applying any discount or reduction. The charges are in addition to any fees or charges applied by each relevant CCP or clearing broker for the provision of clearing services, subject to

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<sup>1</sup> Regulation (EU) No 648/2012 on OTC derivatives, central counterparties and trade repositories.

<sup>2</sup> Regulation (EU) No 600/2014 on markets in financial instruments and amending Regulation (EU) No 648/2012.

<sup>3</sup> Commission Delegated Regulation (EU) No. 2017/2154 supplementing Regulation (EU) No 600/2014 with regard to regulatory technical standards on indirect clearing arrangements, and Commission Delegated Regulation (EU) No. 2017/2155 amending Commission Delegated Regulation (EU) No 149/2013 with regard to regulatory technical standards on indirect clearing arrangements.

the discussion on available discounts or reductions below. Each CCP will provide details on its website of the charges for each account type and the provision of its clearing services.

**ESP'S FEES ARE CALCULATED BASED ON A NUMBER OF VARIABLE FACTORS. A CLIENT MAY RECEIVE A DISCOUNT OR REBATES FROM THE MAXIMUM CHARGES DEPENDING ON THESE FACTORS AND THEIR APPLICATION TO THAT CLIENT, WHICH MAY INCLUDE CONSIDERATION OF A CLIENT'S CREDIT RATING, OVERALL REVENUE OPPORTUNITY, CAPITAL REQUIREMENTS FOR BANKS, OR THE STRUCTURE AND COMPLEXITY OF CLEARING SERVICE REQUIREMENTS FOR A CCP OR A CLIENT'S WIDER RELATIONSHIP WITHIN ERSTE SECURITIES POLSKA S.A. OR ITS AFFILIATES.**

For example, without limitation, some of the following factors may be relevant when determining the discounts available from the maximum charges for listed derivatives (ETD):

Criteria	Decreases Fees	Increases Fees
Product Type	Most liquid Derivatives <sup>4</sup>	Less liquid Derivatives <sup>5</sup>
Execution Method	Electronic Market Access	Execution by phone
Execution Wallet	Execution done with ESP	Execution done away
Trading Volumes	High	Low
Contract Settlement	Cash	Physical
Onboarding Complexity	Low complexity, single account standard offering	High complexity, multiple accounts or bespoke legal terms
Collateral Type	Non-cash collateral	Cash collateral
Client Credit Rating <sup>6</sup>	Moody's, S&P, Fitch Aaa, AAA, AAA	Moody's, S&P, Fitch C, C, C
Number of Accounts	Low	High
Average Pricing	Straight through processing (STP)	Manual
Allocation Process	Pre clearing allocation	Post clearing allocation
Client Reporting	Standard	Customised

For any particular CCP service, clients may choose between a Basic Omnibus (Segregated) Indirect Client Account (BOSA) or a Gross Omnibus (Segregated) Indirect Client Account (GOSA) for indirect clearing services offered by ESP. Due to the increased operational complexity and funding implications generally required to support GOSA accounts, it is likely that the range of available discounts will be higher for BOSA accounts than for GOSA accounts.

<sup>4</sup> This is generally the case but there may be exceptions

<sup>5</sup> This is generally the case but there may be exceptions

<sup>6</sup> Client Credit Rating is measured by an internal framework which is not disclosed to clients but equates to Moody's, Standard & Poor's and Fitch credit agency scores.

## General Pricing Structure

ESP's maximum pricing for clearing services of exchange traded derivatives (ETD) is comprised of the following components:

### 1. Transaction Clearing Fee

The Transaction Clearing Fee will be charged on a per lot basis; for pricing examples see below. The Transaction Clearing Fee is in addition to any external exchange, CCP or other third party fees associated with the execution or clearing of the transaction, and is applicable to both BOSA and GOSA accounts.

### 2. Account Opening and Maintenance Fee

Due to the additional operational complexity required to maintain a Gross Omnibus (Segregated) Indirect Client Account (GOSA), ESP will apply a PLN 20.000 fee for a new account and a PLN 8.000 monthly fee per account, to cover the additional operational efforts. The structure of GOSA accounts may not be the same across all CCPs, which may result in variable Account Maintenance Fees for the provision of these services. The Account Maintenance Fee is in addition to any applicable CCP fees or charges which the CCP requires for the set up or maintenance of a client account.

### 3. Collateral Charge

A Collateral Charge will be applied to your collateral held by ESP depending on the type of collateral: ESP fees for cash collateral (PLN 400 per month for account maintenance and WIBOR<sup>®</sup> ON minus 50 bps as an interest rate charge; other currencies only upon request) or fees for securities as collateral (0,25 bps of securities collateral value per year).

### 4. Liquidity Charge

ESP may be required to set aside its own money and resources to cover a shortfall in circumstances where there is insufficient client-funded collateral available at the time the CCP requires a margin requirement to be met. ESP will apply an WIBOR<sup>®</sup> SW plus 500 bps to any margin in a PLN currency that ESP is required to fund on a client's behalf. Any Liquidity Charge will be notified to the Client as applicable.

### 5. Minimum Revenue Threshold

ESP will require clients to maintain minimum activity levels to meet the ongoing costs of providing clearing services. A Minimum Revenue Threshold of PLN 250.000,- per annum will be applied which is calculated following the deduction of CCP or other third party fees.

### 6. Negative Interest Rate Charges

CCPs may apply negative interest rates to cash balances held by a clearing member (CM) at such CCP. ESP reserves the right to pass on such negative interest rates in the form of interest or charges as applicable to the clearing services offered to clients.

### **Amendment**

Please note that other additional services may incur extra fees and commissions. ESP reserves the right to amend its fee schedule and to pass on costs to reflect any financial impact of own capital, balance sheet, funding or derivative leverage requirements associated with providing clearing services. In addition, ESP reserves the right to pass on charges relating to default fund contributions and/or non-default loss allocations as required by CCPs from time to time.

### **Indicative Pricing Examples**

We have set out below a hypothetical pricing example for Exchange Traded Derivatives (ETD), subject to the effect of the variables described in this document.

Exchange / Clearing House: WSE/KDPW\_CCP

Equity Index Product: WIG20 futures contract

Annual volumes: 50,000 contracts

Clearing and execution commission per lot: 5.00 PLN + external exchange / clearing house fees

Annual clearing cost: PLN 250,000 + external exchange / clearing house fees

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