

Information requirements for exchange members referred to in Article 18(3) of Commission Delegated Regulation (EU) 2017/584 of 14 July 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards specifying the organisational requirements of trading venues

1. Requirements for exchange members

DATA CATEGORY	DETAILS
	Applicants for admission to operate on the exchange and exchange members shall notify the Exchange immediately of any change of the data specified in regulations issued under § 65, sub-paragraph 2 of the Exchange Rules contained in the application for admission to operate on the exchange.
Category of the applicant for admission to operate on the exchange and the exchange member	Applicants for admission to operate on the exchange and exchange members shall specify whether they operate as: <ul style="list-style-type: none"> - investment firm within the meaning of article 3.33 of the Act on Trading in Financial Instruments of 29 July 2005, - foreign investment firm not conducting brokerage business in the territory of the Republic of Poland - other entity that is a participant of KDPW S.A., - other entity that is not a participant of KDPW S.A.
Information of the applicant for admission to operate on the exchange and the exchange member	<ol style="list-style-type: none"> 1. Registered office address 2. Mailing address 3. Website 4. VAT no. 5. Determination of the applicant's scope of exchange operations 6. Composition of the applicant's governing body (persons authorised to manage the applicant) 7. Applicant's ownership structure 8. Information about a branch of the applicant in the territory of the Republic of Poland (including: name of the company's foreign branch, registered office and address of the branch, date of registration of the branch in the National Court Register, National Court Register entry no., representatives of the foreign company in the branch, start date of business, mailing address of the branch, e-mail address, telephone and fax numbers) 9. Control of the applicant by other entities 10. Control of the applicant over other entities 11. Applicant's membership(s) with other financial instrument markets, clearing institutions and professional associations 12. Does the applicant operate in other financial instrument markets, and if yes, what markets and in what capacity 13. List of persons to contact the Exchange on the applicant's behalf other than supervising brokers 14. List of persons to be supervising brokers
Other information provided by the applicant for admission to operate on the exchange and the exchange member	<ol style="list-style-type: none"> 1. A copy of the permit to conduct brokerage/trading business from the relevant supervision authority or other document confirming the applicant's right to conduct brokerage/trading business within the scope required for exchange operations. 2. A representation about the intended scope of operations which was reported by the applicant to the relevant supervision authority. 3. The applicant's commitment to inform the Exchange of an intention to begin to conduct brokerage business in the territory of the Republic of Poland. 4. The applicant's commitment to file an application for amendment of the resolution concerning admission to exchange operation in the event of an intention to begin to conduct brokerage business in the territory of the Republic of Poland. 5. A description of the internal organisational structure.

	<ol style="list-style-type: none"> 6. An updated excerpt from the appropriate register and the articles of association of the company. 7. The financial statements for the last financial year of operations and a relevant opinion of an entity authorised to audit financial statements. If under applicable laws such opinion is not required to be held on the application date, the financial statements for the last financial year of operations and the last audited financial statements and the relevant opinion concerning these statements. If the applicant files the application during the first financial year of operations, financial statements for the period from the operations start date to the last day of the month preceding the application filing. 8. The financial statements as of the last day of the month preceding the application filing (if the applicant holds such statements). 9. A diagram of the technical architecture ensuring correct trade management of exchange-listed instruments or information about the projected technical architecture and terms of its implementation. 10. Information about the proposed start date of exchange operations. 11. A document(s) setting out the applicant's rules of purchasing and selling exchange-listed financial instruments by members of the applicant's governing bodies or the applicant's employees, whose responsibilities include activities related to exchange trading. 12. A document(s) setting out procedures for protection of secrecy of information related to exchange transactions. 13. Declaration on the scope of activities which the applicant is authorised to conduct according to Article 70.2 of the Act.
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2. Requirements preventing disorderly trading conditions

DATA CATEGORY	DETAILS
Is the exchange member registered as an investment firm or does it confirm notification of cross-border activity	Verification of the permit of domestic entities to conduct brokerage/trading business from the Polish Financial Supervision Authority or confirmation of notification of cross-border activity of entities established outside the Republic of Poland
Does the exchange member ensure pre-trade controls of prices, order volumes and values and use of the system	<ol style="list-style-type: none"> 1. An investment firm shall carry out the following pre-trade controls on order entry for all financial instruments: <ol style="list-style-type: none"> a) price collars, which automatically block or cancel orders that do not meet set price parameters, differentiating between different financial instruments, both on an order-by-order basis and over a specified period of time; b) maximum order values, which prevent orders with an uncommonly large order value from entering the order book; c) maximum order volumes, which prevent orders with an uncommonly large order size from entering the order book; d) maximum message limits, which prevent sending an excessive number of messages to order books pertaining to the submission, modification or cancellation of an order. 2. An investment firm shall immediately include all orders sent to a trading venue into the calculation of the pre-trade limits referred to in paragraph 1. 3. An investment firm shall have in place repeated automated execution throttles which control the number of times an algorithmic trading strategy has been applied. After a pre-determined number of repeated executions, the trading system shall be automatically disabled until again enabled by a designated staff member. 4. An investment firm shall set market and credit risk limits based on its capital base, its clearing arrangements, its trading strategy, its risk tolerance, experience and certain variables, such as the length of time the investment firm has been engaged in algorithmic trading and its reliance on third party vendors. The investment firm shall adjust those market and credit risk limits to account for the changing impact of orders on the relevant market due to different price and liquidity levels.

	<p>5. An investment firm shall automatically block or cancel orders from a trader if it becomes aware that trader does not have permission to trade a particular financial instrument. An investment firm shall automatically block or cancel orders where those orders risk compromising the investment firm's own risk thresholds. Controls shall be applied, where appropriate, on exposures to individual clients, financial instruments, traders, trading desks or the investment firm as a whole.</p> <p>6. An investment firm shall have procedures and arrangements in place for dealing with orders which have been blocked by the investment firm's pre-trade controls but which the investment firm nevertheless wishes to submit. Such procedures and arrangements shall be applied in relation to a specific trade on a temporary basis and in exceptional circumstances. They shall be subject to verification by the risk management function and authorisation by a designated individual of the investment firm.</p>
Does the exchange member ensure post-trade controls of trade	<p>1. An investment firm shall continuously operate post-trade controls. Where a post-trade control is triggered, the investment firm shall undertake appropriate action, which may include adjusting or shutting down the relevant trading algorithm or trading system or an orderly withdrawal from the market.</p> <p>2. Post-trade controls referred to in paragraph 1 shall include the continuous assessment and monitoring of market and credit risk of the investment firm in terms of effective exposure.</p> <p>3. An investment firm shall keep trade records and account information, which are complete, accurate and consistent. The investment firm shall reconcile its own electronic trading logs with information about outstanding orders and risk exposures, as provided by the trading venues to which it sends orders, by its brokers or DEA providers, by its clearing members or central counterparties and by its data providers or other relevant business partners. Reconciliation shall be made in real-time where the aforementioned market participants provide the information in real-time. An investment firm shall have the capability to calculate in real-time its outstanding exposure and that of its traders and clients.</p> <p>4. For derivatives, the post-trade controls referred to in paragraph 1 shall include controls regarding the maximum long and short and overall strategy positions, with trading limits to be set in units that are appropriate to the types of financial instruments involved.</p> <p>5. Post-trade monitoring shall be undertaken by traders responsible for the algorithm and the risk control function of the investment firm.</p>
Does the exchange member meet adequate requirements of qualifications of key staff	<p>1. An investment firm shall employ a sufficient number of staff with the necessary skills to manage its algorithmic trading systems and trading algorithms and with sufficient technical knowledge of:</p> <ul style="list-style-type: none"> a) relevant trading systems and algorithms; b) monitoring and testing of such systems and algorithms; c) trading strategies the investment firm deploys through its algorithmic trading systems and trading algorithms; d) the investment firm's legal obligations <p>2. An investment firm shall specify the necessary skills referred to in paragraph 1. The staff referred to in paragraph 1 shall have those necessary skills at the time of recruitment or shall acquire them through training after recruitment. The investment firm shall ensure the staff's skills remain up-to-date through continuous training and shall evaluate their skills on a regular basis.</p> <p>3. The staff training referred to in paragraph 2 shall be tailored to the experience and responsibilities of the staff, having regard to the nature, scale and complexity of the investment firm's activities. In particular, staff involved in order submission shall receive training on order submission systems and market abuse.</p> <p>4. An investment firm shall ensure the staff responsible for risk and compliance functions of algorithmic trading have:</p> <ul style="list-style-type: none"> a) sufficient knowledge of algorithmic trading and strategies; b) sufficient skills to follow up on information provided by automatic alerts; c) sufficient authority to discipline staff responsible for algorithmic trading where such trading gives rise to disorderly trading conditions or suspicion of market abuse.
Does the exchange member perform technical and functional	<p>1. An investment firm shall test the conformance of its algorithmic trading systems and trading algorithms with:</p> <ul style="list-style-type: none"> a) the trading venue's system in any of the following cases:

<p>conformance tests (software and algorithm certification)</p>	<ul style="list-style-type: none"> (i) when accessing that trading venue as a member; (ii) when connecting to that trading venue through a sponsored access arrangement for the first time; (iii) where there is a material change in that trading venue's system; (iv) prior to deployment or material update of the algorithmic trading system, trading algorithm or algorithmic trading strategy of that investment firm. <p>b) the direct market access provider's system in any of the following cases:</p> <ul style="list-style-type: none"> (i) when accessing that trading venue through a direct market access arrangement for the first time; (ii) when there is a material change affecting the direct market access functionality of that provider; (iii) prior to deployment or material update of the algorithmic trading system, trading algorithm or algorithmic trading strategy of that investment firm. <p>2. Conformance testing shall verify whether the basic elements of the algorithmic trading system or the trading algorithm operate correctly and in accordance with the requirements of the trading venue or the direct market access provider. For this purpose the testing shall verify the algorithmic trading system or trading algorithm:</p> <ul style="list-style-type: none"> a) interacts with the trading venue's matching logic as intended; b) adequately processes data flows downloaded from the trading venue.
<p>Does the exchange member have emergency measures to cancel any or all of its unexecuted orders ('kill functionality') and confirm technical capacity to use the functionality</p>	<p>An investment firm shall be able to cancel immediately, as an emergency measure, any or all of its unexecuted orders submitted to any or all trading venues to which the investment firm is connected ('kill functionality').</p> <p>Unexecuted orders shall include those originating from individual traders, trading desks or, where applicable, clients.</p> <p>For the purposes of kill functionality, an investment firm shall be able to identify which trading algorithm and which trader, trading desk or, where applicable, which client is responsible for each order sent to a trading venue.</p>
<p>Verification of conditions under which the exchange member gives direct electronic access to its clients</p>	<p>1. Conditions for an exchange member to give direct electronic access to a client include:</p> <ul style="list-style-type: none"> 1) providing to the Exchange information about the exchange member's verification of the client's authorisation to use direct access, 2) providing to the Exchange information about the exchange member's compliance with requirements referred to in § 72a, sub-paragraph 4 of the Exchange Rules, 3) selecting for the Exchange a supervising broker responsible for supervision of broker order submission to the exchange by the client; the provisions of § 95, sub-paragraph 2 of the Exchange Rules shall apply accordingly, 4) providing to the Exchange information about an exchange broker appointed by the client and authorised to submit, modify and cancel broker's orders on behalf of the client; the provisions of § 92 sub-paragraph 4 of the Exchange Rules shall apply accordingly, 5) providing to the Exchange the client's LEI, 6) providing to the Exchange the short code issued to the client by the exchange member to designate broker orders submitted by the client. <p>2. The exchange member shall present, on request of the Exchange, the method of compliance with the requirements referred to in § 72a, sub-paragraph 4 of the Exchange Rules and the results of the verification referred to in § 72a, sub-paragraph 4, points 2 and 3 of the Exchange Rules.</p> <p>3. The information referred to in sub-paragraph 1 – 6 shall be provided by the exchange member no later than two trading days before direct electronic access is made available to the client. Exhibit 6A to the Detailed Exchange Trading Rules presents the information template.</p> <p>4. In addition to the requirements referred to in Division 1a, § 1c, sub-paragraph 2 of the Detailed Exchange Trading Rules, an exchange member may provide a client with sponsored access provided :</p>

	<ol style="list-style-type: none"> 1) the results of prior verification of the client, referred to in § 72a, sub-paragraph 4 of the Exchange Rules, are provided to the Exchange, 2) the client's connections with the Exchange's IT systems are tested, 3) the results of an assessment of broker order controls are provided to the Exchange, 4) additional necessary organisational and technical conditions referred to in the agreement concerning the exchange member's access to the Exchange's IT systems, applicable to sponsored access, are met. <p>5. Clients of exchange members may use sponsored access subject to a resolution of the Exchange Management Board passed on written request of the exchange member. Exhibit 6B to the Detailed Exchange Trading Rules presents the request template.</p> <p>6. Exchange members shall provide the exchange with results of periodic reviews of clients using sponsored access, referred to in § 72a, sub-paragraph 4, point 3 of the Exchange Rules, no later than the end of the first quarter of each calendar year.</p>
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