

**Rules for market maker participation in the
Advanced Market Maker FW40 incentive programme**

I. General conditions for participation in the Programme.

- 1.** The incentive programme, as construed in § 84(1a) of the Exchange Rules, for entities performing market maker duties, hereinafter "Advanced Market Maker FW40 programme" or "the Programme", concerns trading liquidity support for mWIG40 index futures, in accordance with requirements and additional market making conditions laid down in this Appendix.
- 2.** Participation in the Programme is available to an investment firm being a market maker (hereinafter "Market Maker") which concludes with the Exchange a market making agreement, according to the form supplied by the Exchange (hereinafter "Agreement"), as referred to in § 2(1) of the resolution of the Exchange Management Board to which these Rules constitute an appendix (hereinafter "Resolution").
- 3.** Each Market Maker may apply for participation in the market making Programme for mWIG40 index futures, with respect to one or all expiries of mWIG40 index futures.
- 4.** The Agreement, or amendment to the Agreement as applicable, according to the form supplied by the Exchange, signed by person(s) authorised to represent the Market Maker, shall be delivered to the Exchange in a paper version at least 5 working days before the end of the month preceding the month of joining the Programme.
- 5.** The Market Maker's fulfilment of conditions referred to in paragraph 4 shall lead to the conclusion of the Agreement in question, or amendment to the Agreement as applicable, unless the Exchange Management Board objects thereto before the end of the month preceding the month of joining the Programme.

- 6.** Subject to paragraph 5, the commencement of the performance of Market Maker duties in accordance with the rules laid down in the Programme, shall take place on the first day of the calendar month following the month in which the conditions laid down in paragraph 4 were fulfilled by the Market Maker.
- 7.** Minimum requirements and additional market making conditions under the Programme:
- 1) Presence in order book – 80%;
 - 2) Minimum order volumes:
 - a) if market making one mWIG40 index futures expiry – 10 futures,
 - b) if market making all mWIG40 index futures expiries – 5 futures;
 - 3) Maximum spread:
 - a) if market making one mWIG40 index futures expiry – 20 points,
 - b) if market making all mWIG40 index futures expiries:
 - for Expiry 1 – 25 points,
 - for Expiry 2 – 30 points,
 - for Expiry 3 – 35 points.
- 8.** The terms used in paragraph 7 have the following meanings:
- 1) Presence in order book – the minimum required presence of Market Maker orders in the order book during a given exchange session, subject to the obligations arising from § 11(2) items 1 and 2 and 11(3) of Division 2 of the Detailed Exchange Trading Rules in the UTP system;
 - 2) Minimum order volumes – the minimum volumes of Market Maker orders in the order book;
 - 3) Maximum spread – the maximum permissible difference, for Market Maker orders, expressed in index points, between the lowest price limit in a sell order and the highest price limit in a buy order;
 - 4) Expiry 1 – futures with the nearest expiry in the March quarterly cycle (including the months of March, June, September, December);

- 5) Expiry 2 – futures with the second nearest expiry in the March quarterly cycle (including the months of March, June, September, December);
 - 6) Expiry 3 – futures with the third nearest expiry in the March quarterly cycle (including the months of March, June, September, December).
- 9.** After the end of each calendar month, the Exchange performs a verification of fulfilment of the requirements and conditions referred to in paragraphs 7–8 by Market Makers participating in the Programme , and on that basis, for mWIG40 index futures, identifies three Market Makers which, while fulfilling all of the aforementioned requirements/market making conditions, in the given month achieved the highest trading volume in mWIG40 index futures (in all mWIG40 index futures expiries), hereinafter “Advanced Market Makers”.
- 10.** In case of a decision to withdraw from the Programme, a scan of an appropriate notice of termination of the Agreement within the given scope should be sent by e-mail to members@gpw.pl, subject to a notice period of two weeks, notice being effective as from the first day of the following calendar month.
- 11.** In case of a Programme participant’s failure to comply with the rules for participation in the Programme, in particular the requirements/market making conditions referred to in paragraphs 7–8 above, the Exchange may decide to terminate the Agreement with immediate effect.

II. Right to reduced exchange fee rates, partial fee reimbursements or participation in Exchange fees.

- 1.** The right to reduced exchange fee rates, partial fee reimbursements or participation in Exchange fees, to the extent and on principles laid down below, shall belong only to those entities which in a given month attained the status of Advanced Market Maker for mWIG40 index futures.
- 2.** Actions of an Advanced Market Maker performed under participation in the Programme are remunerated with respect to mWIG40 index futures, depending on the entity's position in the table referred to in section I (9).
- 3.** The remuneration of an Advanced Market Maker consists of:
 - 1) a sum equal to 100% of the value of transaction fees referred to in item 5.2.1.b of Exhibit No. 1 to the Exchange Rules, due from the Advanced Market Maker on account of trading in mWIG40 index futures carried out as part of the performance Market Maker duties (excluding block trades and cross trades);

and
 - 2) the value of revenue sharing computed from the formula:

$$\text{revenue sharing} = Z * P \%$$

where:

Z denotes the revenue obtained by the Exchange from transaction fees in all expiries of mWIG40 index futures (excluding block trades and cross trades) to which the Advanced Market Maker in question was a party under its participation in the Programme, charged to transaction parties not being Market Makers pursuant to item 4.1.b of Exhibit No. 1 to the Exchange Rules;

P % is equal to:

Advanced Market Maker position in a given month	Revenue sharing P (%)
I	60
II	40
III	20

4. Within 10 business days following each calendar month under assessment, the Exchange informs the appropriate participants of the Programme of their attainment of the status of Advanced Market Maker in that month for mWIG40 index futures, and supplies those Advanced Market Makers with the following information:
 - 1) the value of the sum referred to in item 3(1) above,
 - 2) the value of parameter Z,
 - 3) the value of parameter P.
5. The remuneration is paid monthly, on the basis of an invoice delivered by an entitled Advanced Market Maker, within 30 days of the receipt of the invoice by the Exchange, to the bank account of the Advanced Market Maker as indicated on that invoice.
6. The Advanced Market Maker, in issuing an invoice on the basis of the Programme Rules, shall take account of the values referred to in paragraph 4 above.