

**Rules for market maker participation in the
Advanced Market Maker WIG20 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 WIG20 programme" or "the Programme", concerns trading liquidity support for shares of companies from the WIG20 index and other financial instruments, in accordance with the 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 shares from the WIG20 index – with respect to shares of one or more companies from the WIG20 index.
- 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 the 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 the order book – 80%;
 - 2) Minimum order values:
 - a) for Group A companies = 220,000 PLN,
 - b) for Group B companies = 200,000 PLN,
 - c) for Group C companies = 50,000 PLN;
 - 3) Maximum spread:
 - a) for Group A companies = 1.0%,
 - b) for Group B companies = 1.3%,
 - c) for Group C companies = 1.7%;
 - 4) Minimum share of trading:
 - a) for Group A companies = 1.3%,
 - b) for Group B companies = 1.5%,
 - c) for Group C companies = 1.8%.

The Market Maker's minimum share of monthly trading in the shares of a given company condition, referred to in item 4) above, shall be applicable beginning 1 May 2018.

8. The terms used in paragraph 7 have the following meanings:
- 1) Presence in the 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 value/volume – accordingly, the minimum values or volumes of Market Maker orders in the order book;
- 3) Maximum spread – the maximum permissible value, for Market Maker orders, of the difference between the lowest price limit in a sell order and the highest price limit in a buy order, expressed as a percentage of the price limit in a buy order;
- 4) Minimum share of trading – the minimum share of trading, by the Market Maker, in shares of a given company under the market making requirements for those shares, in total monthly trading in shares of that company, computed by the following formula: value of Market Maker's turnover / value of total monthly session turnover (two-sided).

9. Groups A, B and C contain companies from the WIG20 index. The list of companies from the WIG20 index included in the particular Groups is determined quarterly and is made known to trading participants without delay. In case of an extraordinary adjustment to the composition of the index during a quarter, the list of companies included in particular Groups is amended with effect from the first day of the month following the month of the extraordinary adjustment and is made known to trading participants without delay.

10. An additional condition for participation in the Programme is that the Market Maker additionally commits, in the Agreement, to perform market maker duties on conditions not inferior than those laid down in Exhibit No. 12 to the Detailed Exchange Trading Rules in the UTP system, (i) for securities other than shares from the WIG20 index, or (ii) for futures contracts other than WIG20 index futures – hereinafter “other financial instruments” – in accordance with the following standards:

- 1) for each company from Group A or B – a commitment to perform market making duties for 5 other financial instruments,
- 2) for each company from Group C – a commitment to perform market making duties for 3 other financial instruments.

The above condition is not deemed to be fulfilled by the performance of market maker duties for structured instruments.

- 11.** After the end of each calendar month, the Exchange performs a verification of fulfilment of the requirements and conditions referred to in paragraphs 7–10 by Market Makers participating in the Programme, and on that basis, for each company from the WIG20 index, identifies three Market Makers which, while fulfilling all of the aforementioned requirements/market making conditions, in the given month achieved the highest share in the monthly Market Maker session turnover in shares of the given company, hereinafter “Advanced Market Makers”.
- 12.** 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.
- 13.** In case of a Programme participant’s failure to comply with the principles for participation in the Programme, in particular the requirements/market making conditions referred to in paragraphs 7–10 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 shares in a given company from the WIG20 index.
- 2.** Actions of an Advanced Market Maker performed under the Programme are remunerated with respect to shares of each company from the WIG20 index separately, depending on the entity’s position in the table referred to in section I(11).

- 3.** Remuneration is determined monthly as a percentage of the transaction fees referred to in item 5.1.1 of Exhibit 1 to the Exchange Rules due from the Advanced Market Maker on account of trading in shares of a given company from the WIG20 index carried out as part of the performance of Market maker duties (excluding block trades and cross trades) – in accordance with the following table:

Advanced Market Maker position in a given month for a given company	Fee reimbursement amount (%)
I	60
II	50
III	40

- 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 a given company, and supplies those Advanced Market Makers with the following information:
- 1) the amount of transaction fee reimbursement, due to the Market Maker in accordance with item 3, as referred to in item 5.1.1 of Exhibit No. 1 to the Exchange Rules,
 - 2) the value of session trading in shares of a given company from the WIG20 index in the given calendar month – for given Advanced Market Maker and in total.
- 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.