TRADING RULES

FOR FUTURES CONTRACTS ON

THE BLUE CHIP COMPANIES INDEX: WIG20*

Statement of the Polish Financial Supervision Authority
issued in connection with a decision concerning approval of
the "Trading Rules for Futures Contracts on the Blue Chip Companies Index: WIG20"

Pursuant to § 15 of the Regulation of the Minister of Finance of 11 October 2005 concerning the admission of financial instruments that are not securities into trading on the regulated market (Journal of Laws No. 205, item 1699), the Polish Financial Supervision Authority represents that the "Trading Rules for Futures Contracts on the Blue Chip Companies Index: WIG20", referred to in Resolution No. 980/2013 of the Warsaw Stock Management Board dated 22 August 2013, as submitted for approval, contain all information and data required by legal regulations. The Polish Financial Supervision Authority shall not be held liable for investment risks of trading in the contracts described in the "Trading Rules for Futures Contracts on the Blue Chip Companies Index: WIG20." The futures contracts scheme subject to the Trading Rules covers WIG20 futures contracts with a multiplier that is double that under the earlier "Trading Rules for Futures Contracts on the Blue Chip Companies Index: WIG20"[1], which will increase investors' potential losses and gains, the number of contracts being equal.

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* The futures contracts subject to the Trading Rules are futures contracts on the Blue Chip Companies Index: WIG20 with a multiplier of PLN 20.

[1] introduced into public trading by decision of the Securities Commission no. RF-420-1/97-1/97 dated 28 November 1997, as amended (now the Polish Financial Supervision Authority)

Definitions and Abbreviations

underlying instrument – The Blue Chip Companies Index: WIG20;

contract series – futures contracts representing a standard set by the Exchange, having the same underlying instrument and the same expiry date;

contract class – a class comprises all the futures contract series that have the same underlying instrument and comply with the same standard;

multiplier – a monetary unit by which one WIG20 index point is multiplied;

contract value – the product of the contract price and the multiplier;

expiry date – date of determining the final settlement price for contracts of a series; it is the same day as the last trading day;

contract price – the value of WIG20 index as adopted by the parties to a futures transaction on the transaction date;

long position – a purchase of a futures contract;

short position – a sale (writing) of a futures contract;

close-out – cessation of the rights and obligations relating to a purchase or sale of a futures contract. Close-out is by sale where the contract has been purchased, and by purchase where it has been sold. The closing contract must be of the same series as the contract being closed

opposite position – long position is the opposite position to short position for contracts of the same series; short position is the opposite position to long position for contracts of the same series;

correlating position – long position is the correlating position in relation to short position for contracts of different series but the same class; short position is the correlating position in relation to long position for contracts of different series but the same class;

entity account – a registration account, marked as to derivative code, participant code, type of ownership, client classification number and portfolio code;

individual account – a set of entity accounts marked by the same client classification number (NKK);

portfolio – the derivatives positions recorded on entity accounts, settled by a clearing participant within a given participation type and marked by the same client classification number and the same portfolio code;

settlement balance – the amount an investor must pay or is entitled to receive as a result of daily marking to the market or the final settlement.

Abbreviations used in the text:

PFSA – the Polish Financial Supervision Authority;

Exchange – the Warsaw Stock Exchange;

KDPW – Central Securities Depository of Poland;

KDPW_CCP - KDPW_CCP S.A.;

Trading Rules – these Trading rules for Futures Contracts on the Blue Chip Companies Index WIG20;

the Trading Act – the Act on Trading in Financial Instruments of 29 July 2005 (consolidated text: Dziennik Ustaw of 2010, No. 211, item 1384, as amended);

the Public Offer Act – the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading and Public Companies of 29 July 2005 (consolidated text: Dziennik Ustaw of 2009, No. 185, item 1439, as amended);

the Regulation – the Minister of Finance's Regulation of 11 October 2005 on the admission to trading on the regulated market of financial instruments that are not securities (Dziennik Ustaw of 2005, No. 205, item 1699);

Exchange Rules – the Warsaw Stock Exchange Rules as adopted by the Exchange Supervisory Board by Resolution No. 1/1110/2006 of 4 January 2006 (the current text of Exchange Rules is published on the Exchange website: www.wse.com.pl);

Detailed Trading Rules – the Detailed Exchange Trading Rules in UTP system adopted by the Exchange Management Board by Resolution No. 1038/2012 of 17 October 2012 (the current text of the Detailed Trading Rules is published on the Exchange website: www.wse.com.pl).

1. Introduction

Futures contracts on the Blue Chip Companies Index: WIG20 ("futures contracts") are a derivatives scheme within the meaning of § 4.2 of the Regulation.

Pursuant to the provisions of Article 2.1(2)(c) of the Trading Act, the futures contracts subject to these Trading Rules are financial instruments that are not securities.

Under § 58 of the Exchange Rules, a futures contract is an agreement executed on the Exchange between the seller of a future right and the buyer of this future right, on terms and conditions determined by the Exchange in the derivatives standard, in which the parties set the value of the underlying instrument, such value to be the agreed price. The agreement is settled by means of a cash payment unless the derivatives standard provides otherwise.

Futures contracts are traded in series with delivery dates in the nearest four months of the March quarterly cycle. The March quarterly cycle comprises March, June, September and December.

There are four contract series traded at all times. Expiry of a series is followed by introduction of the series with expiry date in 12 months, as per the March quarterly cycle. The expiry date of the first contract series may be less than 12 months.

Marking to the market, i.e. determining the rights and obligations of parties having open positions on the derivatives market and computing the settlement balances, is conducted on a daily basis. Daily settlement values constitute the basis for daily marking to the market. On the last trading day, transactions are cleared and settled on the basis of the final settlement value.

Chapter 4 ("Exhibit: Clearing guarantees") of the Trading Rules contains detailed principles of securing claims arising from futures contracts subject to the Trading Rules, calculating margins, and clearing futures contracts.

The entity authorised to apply to have the Trading Rules for Futures Contracts on the Blue Chip Companies Index: WIG20 approved is the Warsaw Stock Exchange with its seat in Warsaw, ul. Książęca 4, 00-498 Warsaw.

The Exchange Management Board in its resolution shall set the date on which trading in the first series of futures contracts subject to the Trading Rules shall commence, such date to be not more than 7 days earlier and not more than 30 days later than the date of publication of the resolution and not later than 31 December 2014. Trading in a futures contract series with a new expiry date shall commence on the first trading day following the expiry date of the previous series.

Trading in a futures contract series shall cease on the trading day which is the third Friday of the series' delivery month. For details on determining the first and last trading days for futures contracts subject to the Trading Rules, see Chapter 3 "Information on the Trading Rules."

The Warsaw Stock Exchange shall not be held liable in respect of investment risk involved in trading in futures contracts subject to the Trading Rules. Potential purchasers and issuers of futures contracts are advised to pay particular attention to the risks involved in investing in futures contracts subject to the Trading Rules, as described in Chapter 3.1 of the Trading Rules.

These Trading Rules were drafted on 22 August 2013. The Trading Rules will be in force until the expiry date of the last series of futures contracts subject to the Trading Rules.

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Pursuant to § 15 of the Regulation of the Minister of Finance of 11 October 2005 concerning the admission of financial instruments that are not securities into trading on the regulated market (Journal of Laws No. 205, item 1699), the Polish Financial Supervision Authority represents that the "Trading Rules for Futures Contracts on the Blue Chip Companies Index: WIG20", referred to in Resolution No. 980/2013 of the Warsaw Stock Management Board dated 22 August 2013, as submitted for approval, contain all information and data required by legal regulations. The Polish Financial Supervision Authority shall not be held liable for investment risks of trading in the contracts described in the "Trading Rules for Futures Contracts on the Blue Chip Companies Index: WIG20." The futures contracts scheme subject to the Trading Rules covers WIG20 futures contracts with a multiplier that is double that under the earlier "Trading Rules for Futures Contracts on the Blue Chip Companies Index: WIG20"[1], which will increase investors' potential losses and gains, the number of contracts being equal.

The Trading Rules will be made public on the Exchange website (http://www.wse.com.pl) no later than 7 days before the first trading day of the first series of futures contracts subject to the Trading Rules.

[1] introduced into public trading by decision of the Securities Commission no. RF-420-1/97-1/97 dated 28 November 1997, as amended (now the Polish Financial Supervision Authority)

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2. PERSONS RESPONSIBLE FOR THE INFORMATION IN THE TRADING RULES

2.1 Particulars of the entity applying for approval of the Trading Rules for Futures Contracts on the Blue Chip Companies Index: WIG20 and preparing Chapters 1 to 3 of the Trading Rules

Name	Giełda Papierów Wartościowych w Warszawie Spółka Akcyjna
Seat	Warsaw
Address	00-498 Warsaw, ul. Książęca 4
Phone	(0 22) 628 32 32
Fax	(0-22) 628 17 54
E-mail	gielda@gpw.pl
Website:	http://www.gpw.pl.

2.2 Authorised representatives of the Exchange

1. Beata Jarosz – Vice-President of the Management Board

2. Paweł Graniewski – Vice-President of the Management Board

2.3 Representation of authorised representatives of the applicant preparing Chapters 1 to 3 of the Trading Rules

Acting on behalf of the Exchange, the entity applying for approval of the Trading Rules for Futures Contracts on the Blue Chip Companies Index: WIG20, we, the undersigned members of the Exchange Management Board, represent that information contained in the Trading Rules is true and fair and does not omit any facts or circumstances that are required by law to be disclosed.

Furthermore, acting on behalf of the Exchange, the entity preparing the Trading Rules, we represent that information contained in Chapters 1 to 3 of the Trading Rules prepared by the Exchange is true and fair and does not omit any facts or circumstances that are required by law to be disclosed.

Beata Jarosz	Paweł Graniewski
Vice-President of the Management Board	Vice-President of the Management Board

2.4 Particulars of the entity preparing Chapter 4 of the Trading Rules ("Exhibit: Clearing guarantees")

Name	KDPW_CCP Spółka Akcyjna
Seat	Warsaw
Address	00-498 Warsaw, ul. Książęca 4
Phone	(022) 537 93 23
Fax	(022) 537 93 01
E-mail	ccp@kdpw.pl
Website:	http://www.kdpwccp.pl

2.5 Authorised representatives of KDPW_CCP

1. Dr Iwona Sroka – President of the Management Board of KDPW_CCP S.A.

2. Michał Stępniewski – Member of the Management Board of KDPW_CCP S.A.

2.6 Representation of authorised representatives of KDPW_CCP

Acting on behalf of KDPW_CCP, we, the undersigned members of the Management Board of KDPW_CCP, represent that information contained in Chapter 4 ("Exhibit: Clearing guarantees") of the Trading Rules is true and fair and does not omit any facts or circumstances that are required by law to be disclosed.

Dr Iwona Sroka President of the Management Board of KDPW_CCP S.A.	Michał Stępniewski Member of the Management Board of KDPW_CCP S.A.

3. Information on the Trading Rules

3.1 Description of risks for purchasers and issuers of futures contracts

3.1.1 Liquidity risk

High market participant activity and commitment should not be counted on in the first period of trading in futures contracts subject to the Trading Rules. Thus, it may be that a sizeable transaction will prove impossible to make or will produce a material price fluctuation. In addition, liquidity will depend on the number of market makers and their activity.

3.1.2 Market risk

Market risk relates to futures contract price fluctuations. Futures contract prices depend on the price of the underlying instruments. Market risk is increased by leverage in that the value of the initial investment is low in comparison to the value of the contract. Consequently, relatively small cash market fluctuations have a proportionally bigger material effect on the deposited funds. If the amount of the margin falls below a certain pre-determined minimum, an investor holding open positions is subject to a margin call. If the payment is not made within the prescribed time, the positions of that investor will be closed out. As a result, losses may be incurred that exceed the initial investment.

3.1.3 Risk inherent in having two classes of WIG20 futures contracts listed in parallel

Investors should be particularly aware of the fact that two classes of WIG20 futures contracts will be in trading on the Exchange at the same time for a certain period following the introduction of contracts subject to the Trading Rules. One class are contracts introduced into trading on 16 January 1998 (then introduced into public trading by decision of the Securities Commission (currently the Polish Financial Supervision Authority) No. RF-420-1/97-1/97 of 28 November 1997, as amended). The other class are WIG20 futures contracts subject to the Trading Rules. The difference in the specification of such contracts lies only in the multiplier, which is PLN 10 for the former class of contracts and PLN 20 for the latter class of contracts (subject to the Trading Rules).

It is the intention of the Exchange to eventually list only WIG20 futures contracts with a multiplier of PLN 20 subject to the Trading Rules. Consequently, the Exchange is planning in the future to discontinue or suspend the introduction of further series of WIG20 futures contracts of the former class. As a result, only contracts subject to the Trading Rules will be in trading following the expiry of the last series of contracts of the former class.

Series of contracts of the former class will be marked with different ISIN codes and have a different abbreviated name than series of contracts of the latter class. The difference in the abbreviated name of the series will be such that series of contracts of the latter class will have a 9-character abbreviated name while series of contracts of the former class will have a 7-character abbreviated name. The structure of the abbreviated names is presented in the "Abbreviated contract name" box of the standard specification of the instruments.

Special attention should be paid to selecting the appropriate series of futures contracts when placing orders to buy or sell (write) futures contracts.

3.1.4 Risk inherent in transaction costs

Combined with a low value of margins and the contract tick size, fees charged on transactions (purchase and sale (writing) of futures contracts) may have a major impact on the profitability of investments in futures contracts. Therefore, investors should review transaction costs before making a transaction. The actual gain on any investment in futures contracts may only be assessed taking into account transaction costs.

3.2 Requirements for investors selling or purchasing futures contracts

Both residents and non-residents, within the meaning of the Foreign Exchange Law Act of 27 July 2002 (consolidated text: Dziennik Ustaw from 2012, item 826), may be sellers (writers) and purchasers of futures contracts subject to the Trading Rules. Such investors must hold futures accounts.

3.2.1 Futures accounts

Financial instruments that are not securities, including futures contracts subject to the Trading Rules, must be recorded on derivatives accounts.

The terms and procedures of opening, operating and closing derivatives accounts and the terms of providing the services of executing orders referring to derivatives are set out in the Minister of Finance's Regulation of 24 August 2012 on terms and procedures for investment firms, banks referred to in Article 70.2 of the Act on Trading in Financial Instruments, and custodian banks (Dziennik Ustaw of 2012, item 1078) and in the applicable rules issued by investment firms and banks pursuant to the provisions of the above Regulation.

3.2.2 Fees.

Entities engaged in the brokerage business collect transaction fees from investors for whom they operate futures accounts, as per the fee schedules incorporated by reference to the accounts' operating rules.

3.3 Rights and obligations arising from futures contracts

Under the Exchange Rules, a futures contract subject to the Trading Rules is an agreement executed on the Exchange between the seller of a future right and the buyer of this future right, on terms and conditions set out in the Standard Specification of Futures Contracts on the Blue Chip

Companies Index: WIG20 (as determined in Resolution No. 980/2013 of the Exchange Management Board of 22 August 2013), in which the parties set the value of the underlying instrument, such value to be the agreed price, settled only in cash.

A futures contract may be traded on the regulated market operated by the Exchange in accordance with the Exchange Rules and other regulations governing the market.

Marking to the market, i.e. determining the rights and obligations of parties having open positions on the derivatives market and computing the settlement balances, is conducted on a daily basis. Daily settlement values constitute a basis for daily marking to the market. On the last trading day, transactions are cleared and settled on the basis of the final settlement value. Settlement values are expressed in Polish zlotys.

Chapter 4 ("Exhibit: Clearing guarantees") of the Trading Rules contains detailed principles of securing claims arising from futures contracts and clearing futures contracts on delivery.

Persons investing in futures contracts should pay special attention to Chapters 4.6 – 4.8 of the Trading Rules ("Exhibit: Clearing guarantees") which describe the liabilities of the investor to a clearing participant and the principles of determining liabilities to parties of a transaction.

3.4 Manner in which first and last trading days for futures contracts are set

The Exchange Management Board in its resolution shall set the date on which trading in the first series of futures contracts subject to the Trading Rules shall commence, such date to be not more than 7 days earlier and not more than 30 days later than the date of publication of the resolution and not later than 31 December 2014.

Trading in a futures contract series shall commence on the trading day following the expiry date of the preceding series.

Trading in a futures contract series shall cease on the third Friday of the series' delivery month. If this date is not a trading day according to the regulations governing the Exchange, then it shall be the last trading day before the third Friday of the series' delivery month.

The Exchange may set the last trading day to fall on a different date, but must disclose such information to the public at least 4 weeks in advance. A different last trading day may in particular be set in the event of adoption by the Exchange Management Board of a decision to withdraw from the further trading of futures contracts of a given class due to business-related circumstances, or due to circumstances beyond the Exchange's control concerning, for example, the legal status or structure of the underlying instrument. Such a decision may also be necessary to ensure the security of trading on the exchange.

If the Exchange Management Board decides to discontinue the introduction of further series of futures contracts for a specific underlying instrument, the Exchange will disclose such information to the public and notify PFSA not later than 3 weeks before the scheduled date of introduction of further series according to the standard specification.

3.5 Futures contracts expiry dates

The expiry date of futures series of a series is the date on which the final settlement price is determined. This is the same day as the last trading day according to the standard specification of futures contracts subject to the Trading Rules.

3.6 Futures contracts delivery dates

The delivery date of futures contracts of a series is the series' last trading day and the contract expiry date, i.e. the date on which the final settlement price is determined.

3.7 Manner in which the daily settlement price of futures contracts is determined

Daily settlement price is set after each session starting from the date on which the first transaction of a contract series was made, exclusive of the expiry date. Daily settlement price shall be the closing price of contracts of a series. If no closing price is determined during a session, the last settlement price will be deemed the daily settlement price. However, if the order book at closing contains at least one order with a limit price better (i.e. higher for buy and lower for sell orders) than the settlement price arrived at as per the above and such an order is entered at least 5 minutes before the close of trading, the limit price of the best of such orders will be deemed the settlement price. For buy orders, this is the best limit price of a buy order above the price arrived at as per the above. In contrast, for sell orders it is the lowest limit price of a sell order below the price arrived at as per the above. If the limit in the aforementioned order is higher than the upper price variation limit or lower than the bottom price variation limit as applicable at closing, then the upper or, as appropriate, bottom price variation limit as applicable at closing will be deemed the daily settlement price.

In justified cases, for the purposes of ensuring the security of trading, in particular in situations where, due to existing circumstances, determining the daily settlement price according to the conditions above may pose a risk to the liquidity of settlement of futures contracts, the Exchange may after consultation with KDPW_CCP set a daily settlement price other than that set as per the above. Such circumstances amongst other things include a failure to exchange information systems which may have an effect on the reliability of the calculation of the daily settlement price, as well as any other event, the occurrence of which may, according to the judgment of the WSE and KDPW_CCP, cast doubt upon the reliability of the daily settlement price set as per the conditions specified in the standard specification of the instrument or upon the correctness of the setting of such a price.

3.8 Manner in which the final settlement price is determined

The final settlement price is determined on the expiry date as the arithmetic mean calculated for all WIG20 index values from the last hour of continuous trading and its value at the session close, having rejected the 5 top and 5 bottom index values.
If the mean referred to above cannot be determined on the expiry date, the Exchange shall decide to determine the final settlement price in another manner, after consultation with KDPW_CCP, other market institutions and trading participants, taking into account market data, in compliance with the principles which ensure universal and equal investor access to market information.

3.9 Basic futures contracts trading rules

3.9.1 Exchange trading in futures contracts

Futures contracts are traded on the main market operated by the Exchange in accordance with the Exchange Rules and other regulations governing the market.

3.9.2 Admission of futures contracts to exchange trading

1. The Exchange Management Board decides on the admission of futures contracts to exchange trading.
2. Futures contracts are admitted to exchange trading by having their standard specification determined, and on condition that their trading rules have been approved by PFSA and disclosed by the Exchange to the public.
3. Futures contracts subject to this document were conditionally admitted to public trading in Resolution No. 980/2013 of the Exchange Management Board of 22 August 2013.

3.9.3 Introduction of futures contracts to exchange trading

The Exchange Management Board shall decide on the introduction of futures contracts to exchange trading.

3.9.4 Detailed futures contracts trading rules

Detailed trading rules for futures contracts are set out in the Detailed Trading Rules.

3.9.5 Amendments to the Exchange Rules or other exchange regulations relating to futures contracts trading

1. The Exchange Supervisory Board has the power to decide by resolution on amendments to the Exchange Rules.
2. As per Article 29 of the Trading Act, the consent of PFSA is required for any amendments to the Exchange Rules. PFSA shall refuse its consent to any amendments to the Rules if the proposed amendments are in breach of law or may violate the security of trading.
3. The Exchange Management Board has the power to decide on amendments to the Detailed Trading Rules. To the extent of trading rules for futures contracts, such amendments should be disclosed to the public at least 2 weeks before their effective date.

3.9.6 Parties to an exchange transaction

1. Only an exchange member and, in situations described in the Exchange Rules, KDPW_CCP may be a party to an exchange transaction.
2. General exchange membership rules are laid down in the Exchange Rules.

3.10 Standard Specification of Futures Contracts on the Blue Chip Companies Index: WIG20

The standard specification of futures contracts on the Blue Chip Companies Index: WIG20 as determined in Resolution No. 980/2013 of the Exchange Management Board of 22 August 2013*

Abbreviated contract name	FW20krr20 where: F – type of instrument, W20 – abbreviated name of underlying instrument, k – delivery month code (as per the Exchange Management Board resolution), rr – two last digits of delivery year, 20 – indication of the multiplier for the contract.
Contract code	Granted by the Central Securities Depository of Poland (KDPW) following the ISO06166 standard.
Underlying instrument	WIG20 index
Multiplier	PLN 20
Contract value	Multiplier * contract price
Trading unit	Index points
Delivery months	Four nearest months of the cycle: March, June, September, December.
Last trading day	The third Friday of the delivery month for the given series. If in accordance with binding regulations this date is not a trading day, then the last trading day before the third Friday of the delivery month. The Exchange may set the last trading day to fall on a different date, but must disclose such information to the public at least 4 weeks in advance. A different last trading day may in particular be set in the event of adoption by the Exchange Management Board of a decision to withdraw from the further trading of futures contracts of a given class due to business-related circumstances, or due to circumstances beyond the Exchange's control concerning, for example, the legal status or structure of the underlying instrument. Such a decision may also be necessary to ensure the security of trading on the exchange.
Expiry date	The date on which the final settlement price is determined. The same date as the last trading day.
First trading day of a new series	The first trading day following expiry of the previous contract. Set out by the Exchange Management Board in the event of first series.

* The standard specification of futures contracts on the Blue Chip Companies Index: WIG20 covers WIG20 futures contracts with a multiplier of PLN 20.

Daily settlement price	Daily settlement price is set after each session starting from the date on which the first transaction of a contract series was made, exclusive of the expiry date. Daily settlement price shall be the closing price of contracts of a series. If no closing price is determined during a session, the last settlement price will be deemed the daily settlement price. However, if the order book at closing contains at least one order with a limit price better (i.e. higher for buy and lower for sell orders) than the settlement price arrived at as per the above and such an order is entered at least 5 minutes before the close of trading, the limit price of the best of such orders will be deemed the settlement price. For buy orders, this is the best limit price of a buy order above the price arrived at as per the above. In contrast, for sell orders it is the lowest limit price of a sell order below the price arrived at as per the above. If the limit in the aforementioned order is higher than the upper price variation limit or lower than the bottom price variation limit as applicable at closing, then the upper or, as appropriate, bottom price variation limit as applicable at closing will be deemed the daily settlement price. In justified cases, for the purposes of ensuring the security of trading, in particular in situations where, due to existing circumstances, determining the daily settlement price according to the conditions above may pose a risk to the liquidity of settlement of futures contracts, the Exchange may after consultation with KDPW_CCP set a daily settlement price other than that set as per the above. Such circumstances amongst other things include a failure to exchange information systems which may have an effect on the reliability of the calculation of the daily settlement price, as well as any other event, the occurrence of which may, according to the judgment of the WSE and KDPW_CCP, cast doubt upon the reliability of the daily settlement price set as per the conditions specified above or upon the correctness of the setting of such a price.
Final settlement price	The final settlement price is determined on the expiry date as the arithmetic mean calculated for all WIG20 index values from the last hour of continuous trading and its value at the session close, having rejected the 5 top and 5 bottom index values.
Daily settlement value	The product of the daily settlement price and the multiplier.
Final settlement value	The product of the final settlement price and the multiplier.
Settlement date	The first business day following the contract expiry date (the last trading day).

Publication of the daily and final settlement values	Immediately following the close of trading.
Settlement method	In cash in Polish zlotys.
Investor's margin	The investment firm or custodian bank determines the level of its investor’s margin deposit.
Special cases	In special cases, the Exchange Management Board determines the course of action to be taken and immediately discloses it to the public.

3.11 The underlying instrument: WIG20 index

3.11.1. Index Profile

The WIG20 index has been calculated since 16 April 1994 based on the value of the portfolio of shares of the 20 major and most liquid companies in the main stock market. The initial value of WIG20 index was 1,000 points.
The WIG20 is an price-based index and thus when it is calculated it accounts only for prices of underlying shares whereas return on stocks (dividend and subscription rights) is excluded.
The WIG20 index may not include mWIG40 and sWIG80 participants or more than 5 companies from a single exchange sector.

3.11.2. Index calculation principles

$$WIG20 = \frac{\Sigma\, P(i)*S(i)}{\Sigma\, (P(0)*S(0))*\, K(t)} *1000.00$$

S(i) –Weighting of index participant ‘i’ during a certain session
P(i) - Price of index participant ‘i’ during a certain session
S(0) - Weighting of an index participant ‘i’ during a session at baseline date
P(0) - Price of an index participant ‘i’ during a session at baseline date
K(t) - Index adjustment factor during a certain session

3.11.3. Publication principles

Opening value, as long as the session transactions will allow to valuate at least 65% of portfolio capitalisation, but not earlier than 1 minute and not later than one hour after the session starts. Current values during continuous trading every 15 seconds.
Closing value, once the session has been closed, at 17:10 (preliminary) and 17:15 (final).

If the cancellation of exchange transactions had impact on the value of the WIG20 index, then following the trading session the opening and closing values of the index as well as the daily maximum and minimum of the index will be calculated and disclosed to the public. During the trading session, the Exchange does not recalculate the index values.

3.11.4. Periodic modifications

The WIG20 index participants are selected based on data following the last session in January (annual revision) and April, July and October (quarterly adjustments).

3.11.4.1. Preliminary selection

The index may comprise companies that meet the following basic criteria:

- number of shares in free float higher than 10%,
- value of shares in free float higher than EUR 1 million,
- the company cannot be marked in any particular way,
- the company cannot be classified in the Lower Liquidity Space or the MINUS5 and Alert List segments.

3.11.4.2. Index ranking

A joint ranking is developed for the WIG20, mWIG40 and sWIG80 indices. The selected companies are ranked based on the number of ranking points scored. The ranking score is calculated using the following formula:

$$R(i) = 0.6 * sT(i) + 0.4 * sC(i)$$

R(i) - ranking points scored by company "i"
sT(i) - share of company "i" in total traded volume of shares involved in the Ranking in the last 12 months
sC(i) - share of company "i" in the value of shares in free float of companies involved in the Ranking at the date of its preparation

3.11.4.3. Index participants

The WIG20 index may include companies in the highest positions in the Ranking of the index. Unconditionally, the index:

- comprises the companies ranked at the 15th position or higher until the annual revision (the 10th position or higher until the quarterly adjustment);
- does not comprise companies ranked at the 26th position or lower until the annual revision (the 31st position or lower until the quarterly adjustment).

Companies ranked at the 16th-25th positions until the annual revision and at the 11th-30th positions until the quarter adjustment are added to or deleted from the index, if necessary.

Companies that were ranked high in Index Ranking and were not put on the list of index participants are put on the index reserve list.

The size of a weighting is reduced proportionally as of the ranking date if the value of shares of a certain index company exceeds 15% of the index value.

3.11.4.4. Weightings of index participants

Weightings of index participants are determined based on the number of shares in free float and rounded off to the nearest whole thousand. If the number of shares in free float is higher than the number of shares introduced into trading, then the weighting is the number of shares introduced into trading.

The weighting of an index participant is increased if that participant’s number of shares in free float used to determine the weighting has increased by a number of shares whose PLN value is equivalent to at least EUR 250 million.

For foreign companies that are also listed on foreign exchanges (dual listing), the number of shares in free float are calculated as the product of the number of such shares and the ratio of the volume traded on the WSE and on the foreign market. If the value is smaller than the median of the number of shares deposited with the Central Securities Depository of Poland for a period of 3 months, then the number of shares in free float will be the median.

3.11.5. Extraordinary modifications

3.11.5.1. Entering a company on the list of index participants

A new company is entered on the list of index participants when a company has had an IPO and its capitalisation in free float at the IPO date accounts for at least 5% of the capitalisation of the WIG20 index portfolio at such date. The company which is currently an index participant and has ranked at the lowest position in the last ranking is then deleted from the index.

The weightings of index participants are determined pursuant to the principles of periodic modifications. At the date of entering a new company on the list of index participants, the index adjustment factor is recalculated:

$$K(t) = \frac{M(t) + Q(t) - Z(t)}{M(t)} * K(t')$$

M(t) - capitalisation of index portfolio before modification
Q(t) - value of weighting of new index participant
Z(t) - value of weighting of a company deleted from the list of index participants
K(t) - new value of adjustment factor

K(t') - previous value of adjustment factor

3.11.5.2. Deleting a company from the list of index participants

In special cases, an extraordinary adjustment of index participants may be carried out in order to delete a company from the list of index participants.

The deleted company is replaced by the company at the highest position on the reserve list. If the index already comprises 5 companies from a single sector, then the new company has to represent another sector. Following the extraordinary modification, the index adjustment factor is recalculated using the formula presented below:

$$K(t) = \frac{M(t) - Z(t) + Q(t)}{M(t)} * K(t')$$

M(t) - capitalisation of index portfolio before modification
Z(t) - value of weighting of a company deleted from the list of index participants
Q(t) - value of weighting of new index participant
K(t) - new value of adjustment factor
K(t') - previous value of adjustment factor

3.11.5.3. Change of weightings of index participants

The weightings of index participants are changed if:

- two or more index participants have merged,
- an index participant has been split into two or more companies.

A change of the weighting of a participant involves the adding up of the weightings of previous index participants in case of a merger, or their deduction in case of a spin-off:

$$S(i) = S(i1) + S(i2)$$

S(i) - new number of shares of participant "i" in index portfolio
S(i1) - previous number of shares of participant "i1" in index portfolio
S(i2) - previous number of shares of participant "i2" in index portfolio

3.11.5.4. Modifications driven by market transactions

Indices are modified due to the following market transactions:

- change of the par value of shares;
- subscription right.

In the event of a change of the par value of an index participant's shares, the modification of the index involves the calculation of a new weighting of the index participant using the following formula:

S(i) = S(i') * N

S(i) - new number of shares of participant "i" in index portfolio following change of par value
S(i') - previous number of shares of participant "i" in index portfolio
N - split or reverse split ratio

Subscription right in the WIG20 index involves the deletion of the company from the index during the first trading session "without subscription right" if the price of shares quoted for the first time "without subscription right" is lower than the last closing price.

The specific principles governing the calculation and publication of stock exchange indices and sub-indices, including the WIG20 index, are described in the Appendix to Resolution No. 42/2007 of the Exchange Management Board of 16 January 2007 (as amended).

The Exchange shall not be liable for any loss incurred by trading participants due to any delay, suspension or incorrect publication of an index during a session or due to discontinuation of index computation.

The provisions of § 12.9 of the Regulation do not apply to the underlying instrument. None of the events described in the Regulation which would require modification to the value of the underlying instrument occur with respect to the underlying instrument, i.e. the WIG20 index.

3.12 Taxes

3.12.1 Personal income tax

Income earned in the Republic of Poland by natural persons from a sale for consideration of futures contracts and exercising rights arising from such contracts is subject to taxation under special rules at a rate of 19%.

Detailed taxation rules for such income are specified in the Personal Income Tax Act of 26 July 1991 (consolidated text: Dziennik Ustaw from 2012, item 361, as amended).

3.12.2 Corporate income tax

Income earned in the Republic of Poland by corporate entities from a sale for consideration of futures contracts and exercising rights arising from such contracts is subject to taxation under general rules specified in the Corporate Income Tax Act of 15 February 1992 (consolidated text: Dziennik Ustaw from 2011, No. 74, item 397, as amended).

The information above is general and does not constitute tax advisory services. In order to clarify details of tax matters, potential investors should engage authorised tax advisors.

3.13 Amendments to the Trading Rules

1. The Exchange must submit any amendment to the Trading Rules to the Polish Financial Supervision Authority and disclose it to the public.

2. If any amendment to the Trading Rules could have a material effect on the futures contract price, the Exchange must disclose the amendment to the public following the procedure set out in Article 56 of the Public Offer Act.

4. Exhibit: Clearing guarantees

Clearing is guaranteed pursuant to the Co-operation Agreement of 12 April 2013 concluded by and between the Warsaw Stock Exchange, the Central Securities Depository of Poland and KDPW_CCP S.A.

4.1 Clearing futures transactions

4.1.1 Guaranteeing the clearing of futures transactions - general information

KDPW_CCP is the entity authorised to clear WIG20 futures contracts and to organise and manage the clearing guarantee system.

1. Once a derivatives transaction is recorded, KDPW_CCP becomes a party to the clearing of the transaction. The other party to the clearing are clearing participants acting on the account of clients or on their own account.
2. Only KDPW_CCP participants may be clearing participants.
3. Only KDPW participants and a settlement agent which is not a clearing participant but has concluded an agency contract with a clearing participant of KDPW_CCP may operate securities accounts and derivatives accounts.
4. A client may only engage in business operations on the derivatives market after it has opened a derivatives account with an entity authorised to operate derivatives accounts and KDPW_CCP has granted it, on request of the relevant clearing participant, a client classification number (NKK). This condition shall not apply to clients holding an assigned client classification number.
5. As part of the clearing process, KDPW_CCP:
   a) records all transactions and other operations involving futures contracts executed during the day;
   b) conducts the final marking to the market in respect of futures contracts;

c) conducts the daily marking to the market and margin credit and debit computations for entity accounts cleared through a clearing participant;

d) performs a net of the clearing participant's credits and debits vis-à-vis KDPW_CCP, the net being the sum of credits and debits computed for individual accounts assigned to the clearing participant.

6. KDPW_CCP manages the clearing guarantee system for transactions made on the futures market. To this end, it sets up and manages a clearing guarantee system including:
   a) initial security deposit;
   b) maintenance margin;
   c) additional margins;
   d) Clearing Fund;
   e) own capital.

4.2 Detailed rules for clearing of futures contracts

4.2.1 Determining the final settlement value of a contract

1. The final settlement price is determined by the Warsaw Stock Exchange on the expiry date as the arithmetic mean calculated for all WIG20 index values from the last hour of continuous trading and its value at the session close, having rejected the 5 top and 5 bottom index values.

   If the mean referred to above cannot be determined on the expiry date, the Exchange shall decide to determine the final settlement price in another manner, after consultation with KDPW_CCP, other market institutions and trading participants, taking into account market data, in compliance with the principles which ensure universal and equal investor access to market information.

2. The final settlement value is determined by the Warsaw Stock Exchange as the product of the final settlement price and the multiplier.

4.3 Detailed rules for guaranteeing the clearing of futures contracts

4.3.1. Initial security deposit

1. Every clearing participant must pay an initial security deposit to KDPW_CCP. No participant will be allowed to clear any transaction on the derivatives market until this margin has been deposited. This requirement does not apply where the clearing participant has paid the required initial security deposit to KDPW_CCP in connection with clearing of other derivatives.
2. KDPW_CCP sets out the minimum initial security deposit requirement. The security deposit may be covered by cash or securities collateral approved by KDPW_CCP.
3. After a clearing participant pays the initial security deposit, they will be entitled at any date to open positions in derivatives cleared by them, provided always that the total value of these positions must be computed in accordance with the appropriate

KDPW_CCP regulations contained in the Detailed Rules of Transaction Clearing of KDPW_CCP.

4. The purpose of the initial security deposit is to hedge the risk of the clearing participant's default in due payment to KDPW_CCP of maintenance margins securing the participant's derivatives positions and the risk of their default in due payment of their liabilities resulting from the daily marking to the market.

4.3.2. Maintenance margin

1. The value, method and manner of payment and replenishment of the maintenance margin by investors are determined, subject to rules set out by KDPW_CCP, by:
   a) investment firms, in the derivatives buy or sell order execution rules;
   b) custodian banks, in the derivatives account operating rules.

4.3.3. KDPW_CCP margin

1. The maintenance margin to be deposited by a clearing participant with KDPW_CCP is the sum total of all the margin requirements computed for the individual accounts cleared by that clearing participant, as per the rules laid down and disclosed to the public by KDPW_CCP.
2. The clearing system records maintenance margins deposited to secure positions that are held on investors' individual accounts.
3. Maintenance margins are calculated according to the principles of portfolio risk calculation as laid down and disclosed to the public by KDPW_CCP.
4. Risk parameters are distributed daily to participants in KDPW_CCP messages.
5. A maintenance margin may be covered by securities approved by KDPW_CCP.
6. Non-cash collateral (securities) may cover the part of the maintenance margin determined as a percentage by KDPW_CCP.
7. Financial instruments deposited as collateral are subject to transfer of title according to KDPW_CCP regulations.

4.4 Position limits

KDPW_CCP may impose limits on the number of open positions according to KDPW_CCP regulations as required to ensure the security of trading.

4.5 Daily marking to the market

4.5.1 To mitigate risk, KDPW_CCP conducts daily marking to the market in order to issue a settlement order for KDPW. Computations are made of funds to be paid to KDPW_CCP in respect of open positions with unfavourable price trends and of funds to be paid by KDPW_CCP in respect of opposite positions.

4.5.2 The debits and credits of the parties to a futures transaction are computed daily after the session's transactions and other operations submitted for execution on that day are recorded, subject to the following terms and conditions:

1. The first marking to the market is conducted on the same day after positions have been opened. The resulting amount (the settlement balance), which is loss for one side

and gain for the other, is the product of the difference between the contract price and the daily settlement value, multiplied by the number of contracts transacted and recorded on an entity account.

2. On the other trading days, excluding the contract expiry date, the amount resulting from the marking to the market (the settlement balance) is the product of the difference between the previous daily settlement value and the current daily settlement value, multiplied by the number of contracts recorded on an entity account, excluding contracts referred to in point 1.
3. Where an open position is closed, the amount resulting from the marking to the market (the settlement balance) is the product of the difference between the contract price for the close-out and the previous daily settlement value, multiplied by the number of contracts.
4. Where an open position is closed on the same session, the amount resulting from the marking to the market (the settlement balance) is the product of the price differences on close-out and opening, multiplied by the number of contracts.

4.5.3 In the transaction clearing guarantee system, KDPW_CCP conducts the daily marking to the market for parties to transactions on the derivatives market and, based on its results, submits to the relevant settlement institution orders to conduct settlements for the participants which are the parties to the clearing of such transactions.

4.5.4 If a client takes a position opposite to the position they have previously held within the same portfolio, the position will be liquidated. But there will be no such liquidation if the opposite position taken by the client is recorded in a different portfolio.

4.6 Detailed rules for determining the liabilities arising from open positions

The liability to pay the settlement balance resulting from daily marking to the market in respect of both long and short positions and the final settlement price means that the settlement balance will be debited to the investor’s margin account.

4.6.1 Liability of an investor holding a long position

1. On the day the position is opened, the clearing participant must pay the settlement balance to KDPW_CCP if the daily settlement value is lower than the opening contract price.
2. On the other days, the investor must pay the settlement balance if the daily settlement value on a given day is lower than the previous daily settlement value.

4.6.2 Liability of an investor holding a short position

1. On the day the position is opened, the investor must pay the settlement balance if the daily settlement value is higher than the opening contract price.
2. On the other days, the investor must pay the settlement balance if the daily settlement value on a given day is higher than the previous daily settlement value.

4.7 Detailed rules for determining liabilities of parties to a futures transaction closing their positions

4.7.1 Liability of an investor closing a long position

1. The investor closing a long position that was opened before the close-out date must pay the settlement balance if the closing contract price is lower than the previous daily settlement value.
2. The investor closing a long position on the same day the position is opened must pay the settlement balance if the closing contract price is lower than the opening contract price.

4.7.2 Liability of an investor closing a short position

1. The investor closing a short position that was opened before the close-out date must pay the settlement balance if the closing contract price is higher than the previous daily settlement value.
2. The investor closing a short position on the same day the position is opened must pay the settlement balance if the closing contract price is higher than the opening contract price.

4.8 Detailed rules for determining liabilities of parties to a futures transaction on expiry date

On the contract expiry date, KDPW_CCP will compute and record the liabilities on the accounts of the parties to the contract, and such liabilities will equal the product of the difference between the previous daily settlement value and the final settlement value, multiplied by the number of contracts.

4.8.1 Liability of an investor holding a long position

1. The investor holding a long position that was opened before the expiry date must pay the settlement balance if the final settlement value is lower than the most recent daily settlement value.
2. The investor holding a long position that was opened on the expiry date must pay the settlement balance if the final settlement value is lower than the opening contract value.

4.8.2 Liability of an investor holding a short position

1. The investor holding a short position that was opened before the expiry date must pay the settlement balance if the final settlement value is higher than the most recent daily settlement value.
2. The investor holding a short position that was opened on the expiry date must pay the settlement balance if the final settlement value is higher than the opening contract value.

4.9 Settlements between clearing participants and KDPW_CCP

4.9.1 Clearing participants shall settle their maintenance margin liabilities and liabilities resulting from marking to the market no later than 15 minutes before futures contract quotations start on the next trading day. Failure to meet this obligation will prevent the participant from being admitted to the clearing process, which in consequence will lead to order placement halt.

4.9.2 If a Clearing Participant is short of the margin requirement before a session starts, they may be admitted to the clearing process on a conditional basis. The initial security deposit paid by that participant shall be netted of any non-paid liabilities.

4.10 Clearing Fund

4.10.1 The Clearing Fund is created at KDPW_CCP under Articles 65-67 and Article 48.7 of the Trading Act. The Clearing Fund secures close-out of positions open in derivatives exchange trading organised by the Exchange and payment of the purchase price of derivatives being traded.

4.10.2 The Clearing Fund is funded by payments from clearing participants.

4.10.3 The Clearing Fund may be used where a derivatives market clearing participant defaults on their transaction clearing obligations, provided always that the whole maintenance margin securing the participant's own positions and the whole security deposit paid by the clearing participant are first used to correct the default.

4.10.4 The detailed rules of participation in and use of the Clearing Fund are set out in the Clearing Fund Rules available on the KDPW_CCP website (www.kdpwccp.pl).

4.11 Loss of liquidity by a Clearing Participant

4.11.1 In the event that a clearing participant loses liquidity (fails to meet the day's liabilities as computed by KDPW_CCP) or in another event set out in the Rules of Transaction Clearing, resulting in a breach of the rules of participation in the clearing system, KDPW_CCP will start closing the clearing participant's positions according to the Rules of Transaction Clearing (organised trading), and for that purpose KDPW_CCP will use the resources of the clearing guarantee system.

4.11.2 KDPW_CCP uses the following resources in order to clear transactions to which the participant breaching the rules of participation in the clearing system is a party to clearing (the order in which the following resources are used is set in the Rules of Transaction Clearing (organised trading)):

1. Amounts due to the insolvent clearing participant.
2. Margins:
   a) initial security deposit;
   b) maintenance margin;
   c) additional margin.
3. Contributions of the insolvent clearing participant to the Clearing Fund.
4. Contributions of other clearing participants to the Clearing Fund.

5. Own funds of KDPW_CCP according to the Rules of Transaction Clearing (organised trading);
6. Additional contributions of other clearing participants to the Clearing Fund according to the Rules of Transaction Clearing (organised trading).