

THE RULES AND REGULATIONS FOR THE "POLONIA" FIXING POLSKA

Warsaw, June 2009.



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Introduction

Heeding that:

- 1) ACI Polska The Financial Markets Association is the Fixing organizer and copyright owner of the POLONIA Reference Rate,
- 2) POLONIA Reference Rate is the benchmark for the interest rate pricing in some financial instruments denominated in PLN.

In order to ensure an appropriate way of establishing the Reference Rate, these Rules and Regulations are introduced. (further: POLONIA Rules and Regulations).

I. Definitions

- 1. **Business Day** any day, when the settlement systems used to conduct clearings between participants of the polish financial market are operating. (administrated by the NBP: Sorbnet and Eliksir)
- 2. **Fixing** the process of determining the Reference Rate described herein (section III)
- 3. Organizer –ACI Polska The Financial Markets Association, the leading entity in governing the Fixing process of the POLONIA Reference Rate.
- 4. **Bank** means a Bank having an account in the Departament Systemu Platniczego NBP (Departament of the Payment System NBP): domestic bank, foreign bank or its branch, a credit institution or its branch.
- 5. **Overnight** a deposit denominated in PLN borrowed or lent by a Bank to/from another Bank on the day of concluding the transaction, available the same day and lasting until the next Business Day.
- 6. The NBP means the National Bank of Poland being the central bank of the Republic of Poland, which, under an agreement signed with the Organizer, conducts the Fixing of the POLONIA Reference Rate. Whenever a reference is made in the Rules and Regulations to activities/tasks performed by the NBP, they should be treated only and exclusively as the activities/tasks performed by the NBP in relation to conduct POLONIA Fixing.
- 7. **POLONIA** means the Overnight Reference Rate determined in accordance with the Rules and Regulations of the POLONIA Reference Rate.
- 8. **Participant** a Bank that had presented a declaration and has been approved by the ACI Poland Board.
- 9. **Reference Rate** a percentage rate calculated as a result of the Fixing.



II. General Provisions

- 1. This document defines the rules of the Fixing, means of calculating and publishing the Reference Rate as well as the rights/duties of the Participants, the Organizer and the NBP.
- 2. A Fixing Participant can be (i) a Bank having the status of a Money Market Dealer or (ii) a Bank that had applied for the membership Declaration (Annex 1.) and that has been approved by the ACI Poland Board. The Board, in cooperation with the NBP, agrees on the specific date from which the Participant will start providing the data for the Fixing.
- 3. A potential Participant has to fulfil the following criteria:
 - a. be an institution with a good credit quality;
 - b. demonstrate professionalism and activeness on the polish money market;
 - c. comply with the ethical standards described in The Model Code ACI published and updated on the ACI Poland website.
- 4. Participant is entitled to resign from participation in the Fixing and should inform the Organiser and the NBP by sending a written notification stating the date of ceasing the Participant status in the Fixing process.
- 5. The Organiser informs the remaining Participants and the Plenipotentiary-NBP about the change as well as the acceptance of the new Participants.

III. Fixing

- 1. The POLONIA Reference Rate is determined for Overnight transactions.
- 2. The rates of the Overnight PLN deposits sent by the Participants for the Fixing are quoted:
 - a. in accordance with the interest rate convention binding in the Polish money market ACT/365;
 - b. precise to two decimal points,
 - c. for simple and non-secured deposits/loans.
- 3. Unless the Organizer decides otherwise, the POLONIA Fixing takes place on every Business Day. POLONIA is being published by the NBP on the Reuter's page "NBPS" on any business day at 5 pm.
- 4. Every Participant is required to deliver to the NBP on the day of the Fixing, a list of the Overnight transactions, concluded with other Participants and sent for settlement on a given day before 4.30 pm. The list should be sent before 4.45 pm and include:
 - a. the amount of the deposit (precise to PLN 1.-) where the amount with the symbol "-" means deposit lent and with the symbol "+" deposit borrowed,
 - b. the rate at which the transaction was concluded, and
 - c. the name of the bank/counterparty to the Overnight (O/N) transaction.

Hereby, the Participants authorize the transfer of this data to the NBP.



- 5. The POLONIA rate for Overnight transactions is calculated by the NBP as a weighted AVERAGE of the rates and the transaction amounts reported by the Participants following section 4, only if these deposits are matched in the data sent by the counterparties (matching).
- 6. The NBP organizes the process of Participant's submitting their rates for the Fixing and defines the technical conditions the Participant should comply to. (Annex no. 2)
- 7. The NBP:
 - a. effects the calculations of the POLONIA Reference Rate, (in accordance with the principles specified in the Rules and Regulations)
 - b. makes public the value of the POLONIA Reference Rate,
 - c. makes the Fixing results available to interested information agencies, following the commonly accepted principles of quoting the source of information,
- 8. The NBP is authorized to obtain the information and explanations from Participants, particularly in cases when transaction data is not positively verified by the matching process or when the transferred data is delayed.
- 9. The NBP also informs the Organizer of a Participant's default to comply with the obligations specified in these Rules and Regulations.

IV. Breaching the Rules and Regulations

- 1. In case: (i) of cessation, in relation to the Participant's imperatives mentioned in the section II.3.or (ii) that the information listing the Overnight transactions concluded with other Participants is delayed or absent, or (iii) the data differ from the data provided by the remaining Fixing Participants, where the Participant is a party to the transaction. Organizer after a resolution consented during the Board meeting or in written procedure has the right to:
 - a. reprimand the Participant and ask for an explanation of the situation or
 - b. suspend the Participant in the Fixing or take the decision of revoking the Participant's status

The Organizer informs the other Participants and the NBP about the above events.

V. Final Provisions

- 1. The Organizer and the NBP will not be responsible for any losses or damages, specially resulting from:
 - a. applying the Reference Rate,
 - b. failure to publish the Reference Rate,
 - c. changes in the manner of determination or publication of the Fixing
 - d. direct or indirect referencing or quoting to Reference Rate.



- 2. The time of the Fixing is Warsaw time. All the references to time in this document are referred to Warsaw time.
- 3. The POLONIA Rules and Regulations can be changed by the Organizer with the NBP approval, by its own initiative or by recommendation of the NBP or by any Participant, with the endorsement of the ACI Poland Board.
- 4. Provided it is impossible to determine and publish the Reference Rate, due to independent from the Organizer and the NBP reasons, according to POLONIA Rules and Regulations, the previous Business Day's Reference Rate is valid. The information about such an event will be available on the NBP's information service as well as on the Organizer's website.
- 5. The POLONIA Rules and Regulations will take effect on 27th October 2008.





Annex 1	
(Title seal of the contender)	Place and date
Declaration to take part in the Fixing of the POLONIA Reference Hereby, I/we announce that:	ce Rate
(name and headquarters of the instit	tution)
declares the will of participating in the Fixing of the POLON itself to comply to the POLONIA Rules and Regulations. We have the POLONIA Fixing Participants.	
(signatures of the persons representing the contending institut	to join the POLONIA Fixing

Participants)



Annex 2

Technical conditions for the organization of the process of transferring data to NBP for the Fixing of the POLONIA Reference Rate

A Fixing Participant is required to guarantee the functioning of its links within ELBON system of electronic data interchange.

In justified cases, where, for technical reasons, the Participant cannot send data via ELBON, the data concerning transactions should be sent to the NBP electronically to the e-mail address: fix.polonia@mail.nbp.pl or to fax numbers (0-22) 826 96 60, in the same format as the data sent following the procedures of ELBON data transfer, prior having reported the problem by dialing (022) 653 13 48, (022) 653 23 79

For essential matters, please dial (022) 653 26 36.

