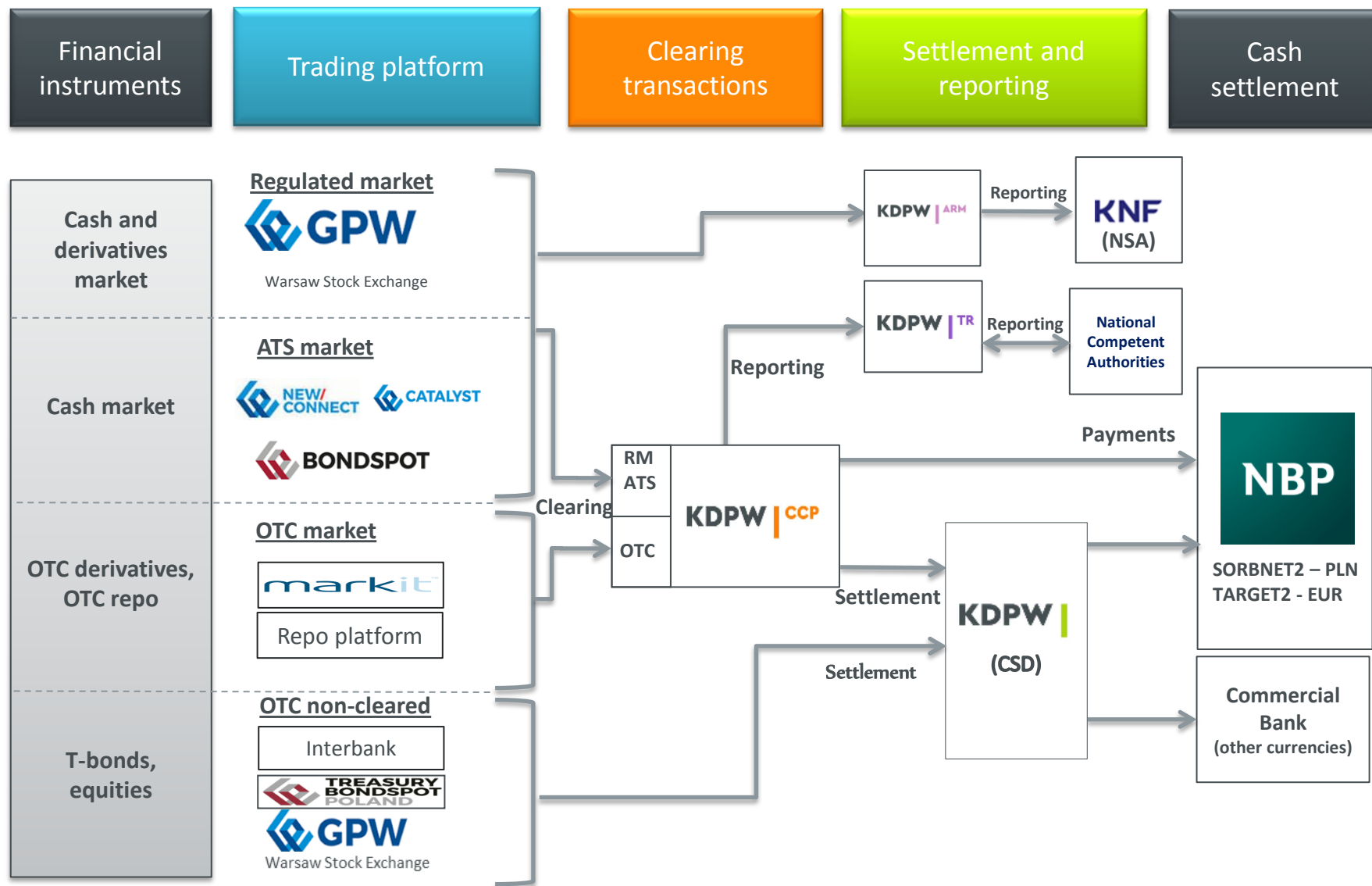


International standards – the foundation of the KDPW post-trade services portfolio

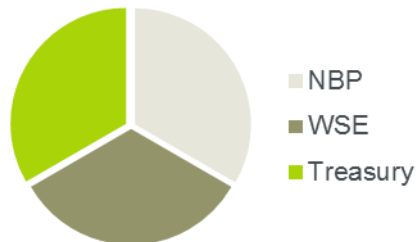
Michael Lukac
Warsaw SMPG Meeting
April 18th, 2018

An Overview of KDPW Group Services

Overview of capital market infrastructure in Poland



KDPW Group – basic information, functionalities



Equity capital: PLN 446 m (EUR 106 m)



KDPW |

Independent joint
stock company
(from 1994)

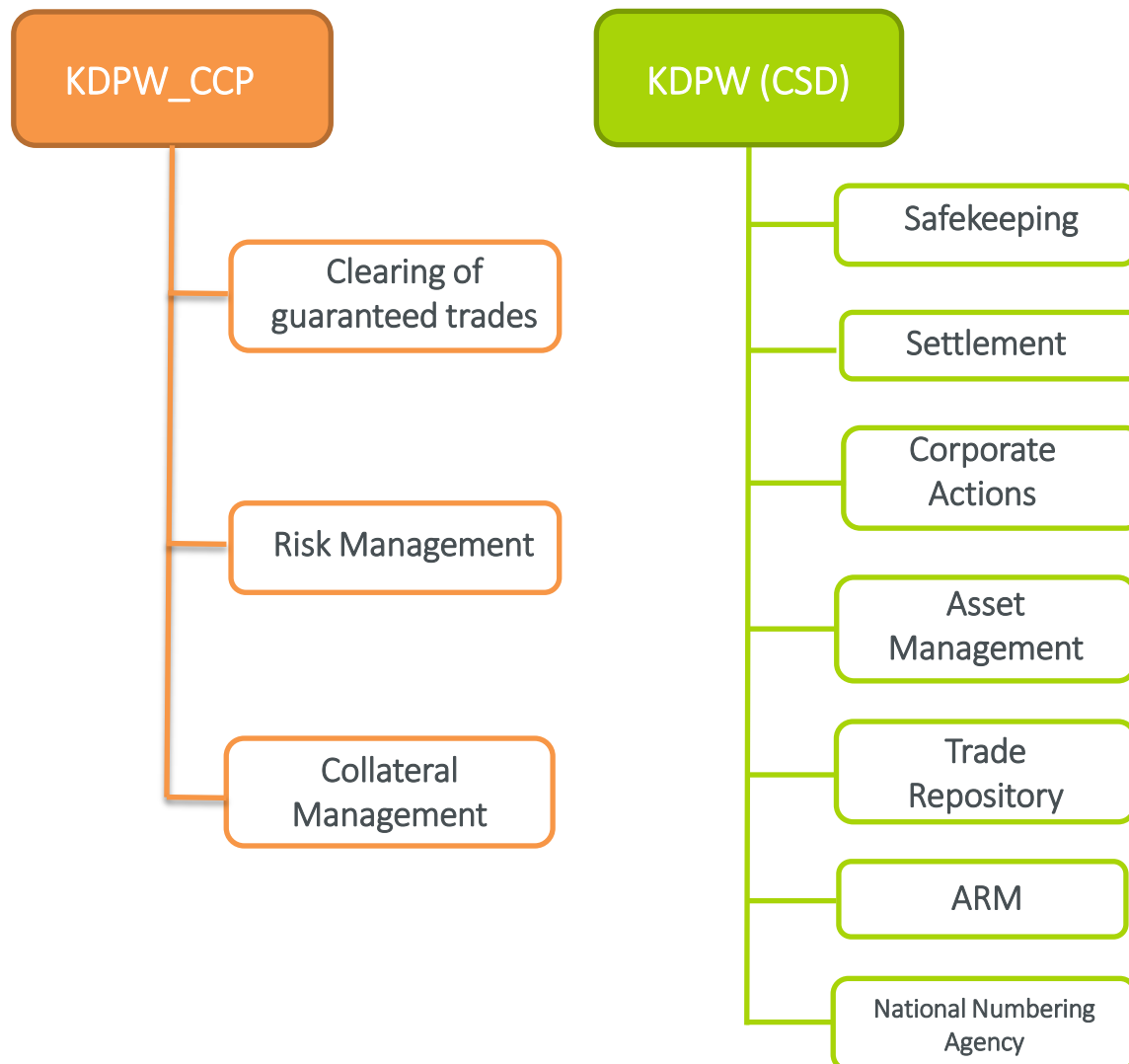


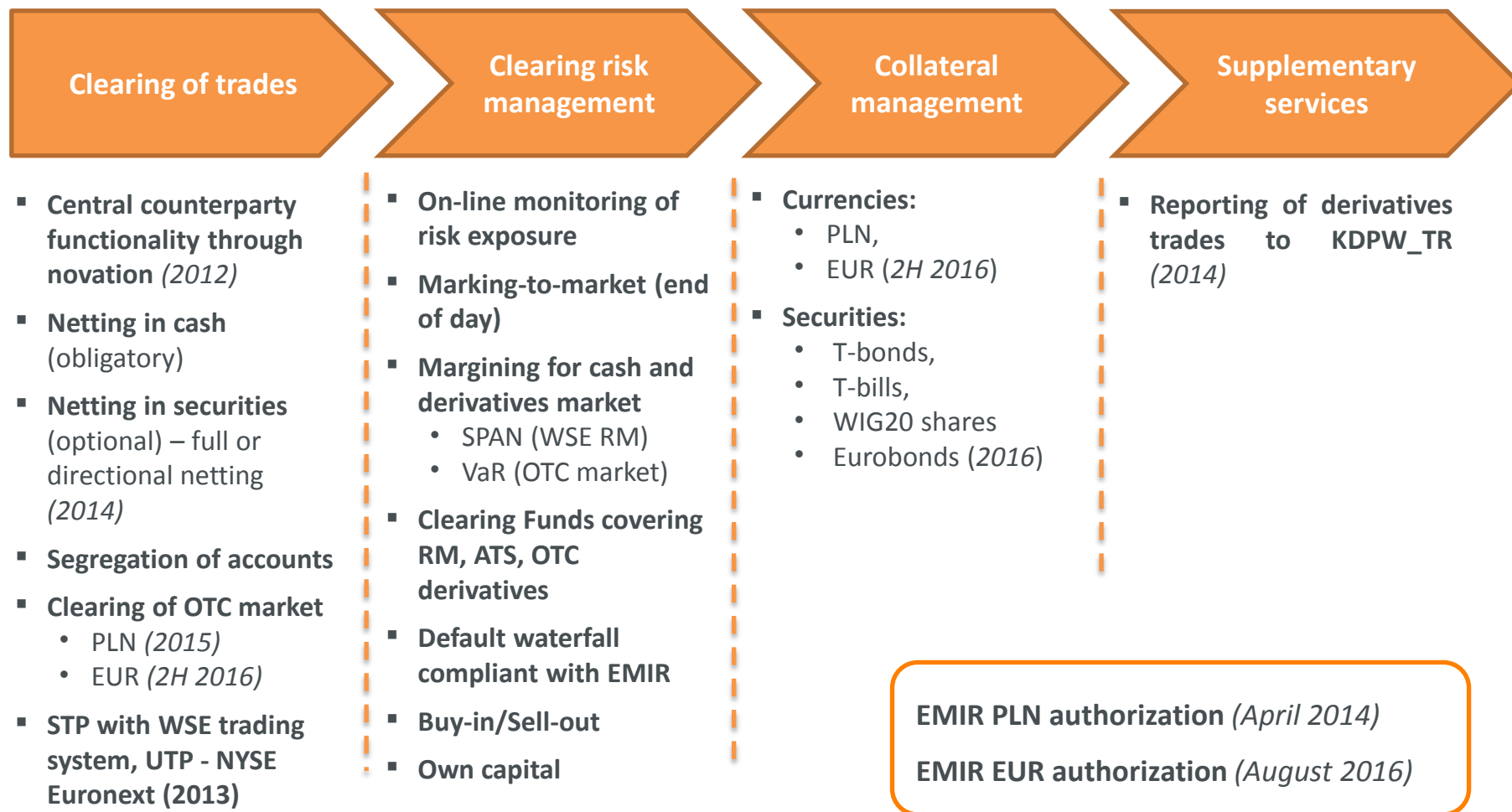
100%

KDPW | **CCP**

(from 1 July 2011)

Equity capital: PLN 234 m (EUR 56 m)





Securities Settlement System

- **Settlement of trades from**
 - Regulated markets (WSE),
 - Non-regulated, organised markets (BondSpot, New Connect),
 - OTC, Treasury BondSpot Poland
- **Hold/Release mechanism - optional (2012)**
- **Partial settlement (2014)**
- **DvP settlement in central bank money:**
 - PLN in SORBNET2
 - EUR in TARGET2
 - Commercial bank money for other currencies

Central Securities Depository

- **Maintenance of securities at the top-tier level**
 - Collective depository accounts
 - Option to segregate by investor/group of investors
 - Omnibus accounts for foreign investors (2013)
- **Initial recording of securities in a book entry system for all securities admitted to trading following public issue**
- **Reconciliation and monitoring of securities issue with participants**

Ancillary services

- **Corporate Actions based on ISO 20022 (2014-2018):**
 - Information, distribution of proceedings, tax services
 - Mandatory reorganisations (2013)
 - Registration and withdrawals (2015)
- **Operational links to foreign CSDs (20 markets)**
- **Asset Management**

Commercial services

- **EMIR Trade repository (2013)**
- **National Numbering Agency (1996)**
- **LEI assigning local operating unit - LOU (2013), GLEIF accreditation (2016)**
- **ARM - Approved Reporting Mechanizm (2018)**

CSDR application (II H 2017)
CSDR authorization (II H 2018)

PLUS

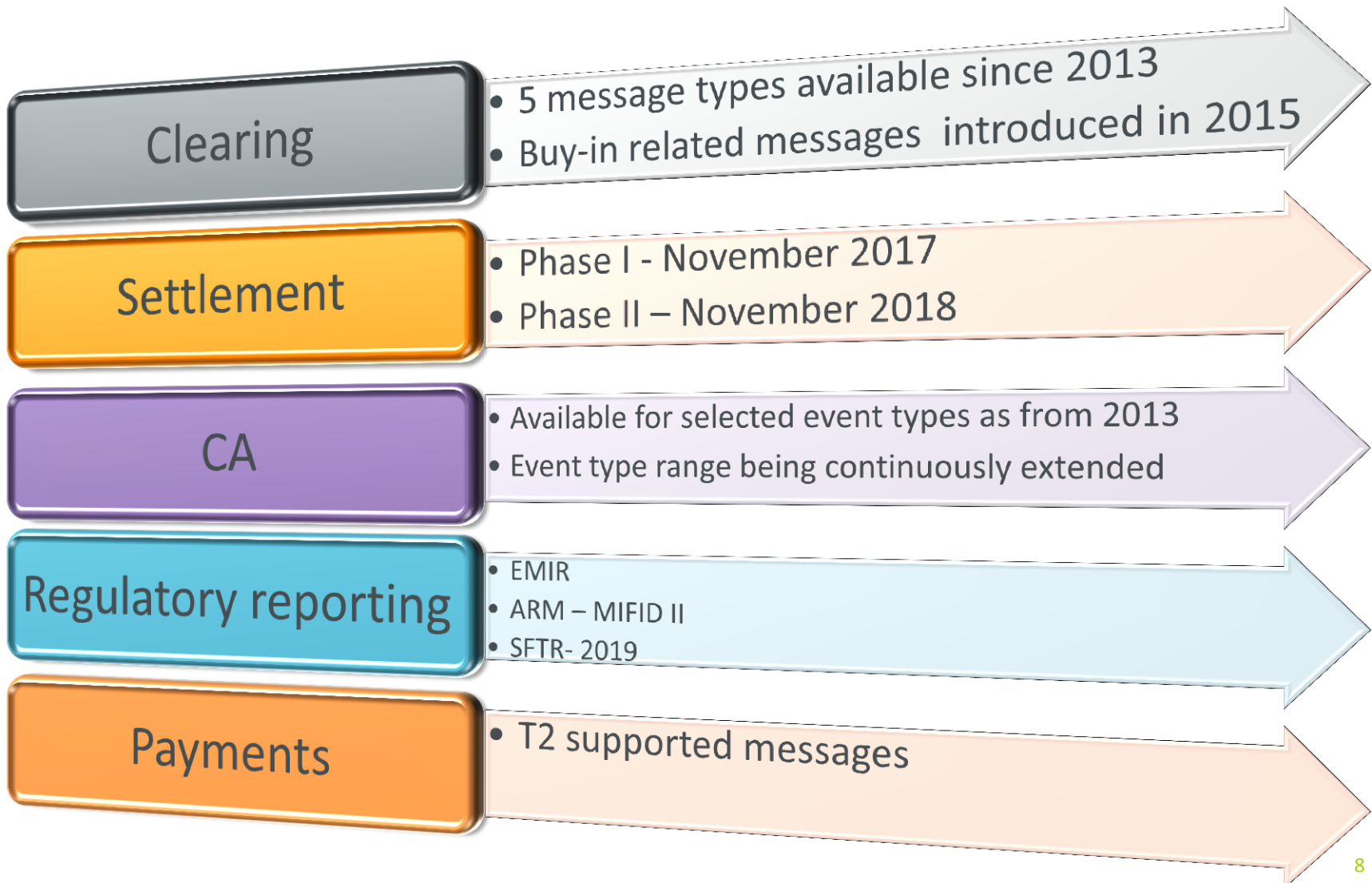
- Management of Investor Compensation Scheme
- Transfer payments between pension funds
- Management of Pension Guarantee Fund

Commitment to global
harmonisation

KDPW recognises ISO20022
as the future key
communication standard in
the financial world

KDPW is a member of
ISO20022 Harmonisation
Charter since 2016

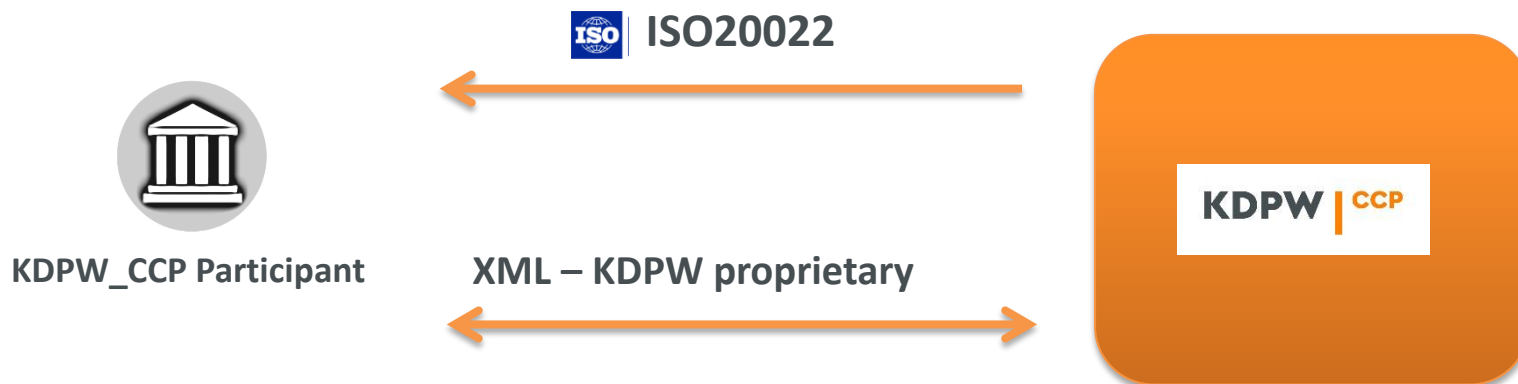
Documentation published on
MyStandards platform:
KDPW, NMPG for settlement,
NMPG for CAs



CCP Clearing

KDPW_CCP – use of international messaging standards

KDPW_CCP– ISO2022 used for selected clearing reporting and buy-in process



KDPW_CCP – use of international messaging standards

ISO20022 for Clearing - scope

☐ Available from 2013

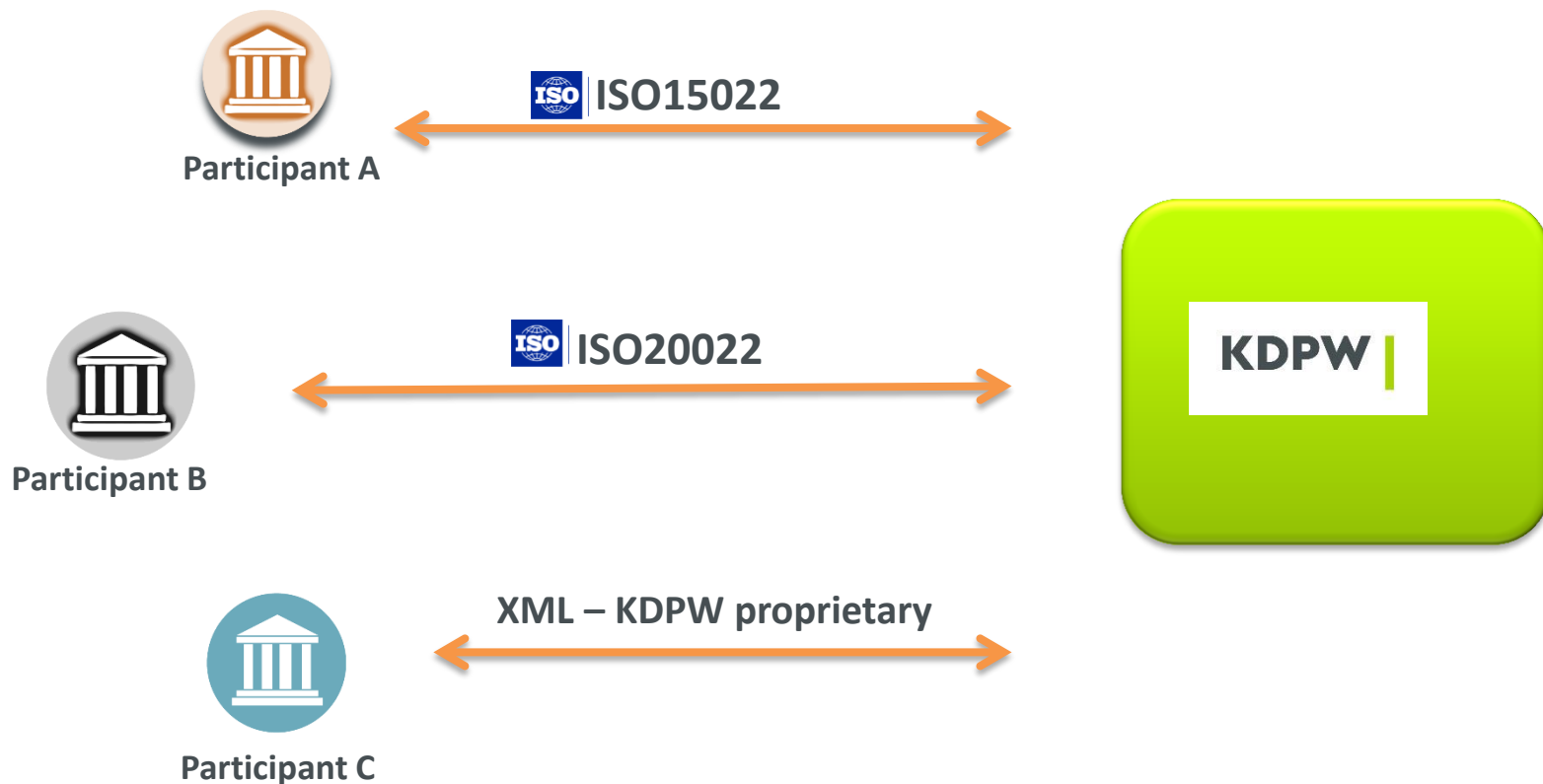
- ☐ secl.001.001.02 – Trade leg notification
- ☐ secl.002.001.02 – Trade leg cancellation
- ☐ secl.003.001.02 – Trade leg statement
- ☐ secl.004.001.02 – Net position
- ☐ secl.007.001.02 – Buy-in notification
- ☐ secl.009.001.02 – Buy-in confirmation
- ☐ secl.010.001.02 – Settlement obligation report

SWIFT Clearing 2.0 Solution
- subset

CSD Settlement

KDPW – use of international messaging standards

Settlement and Reconciliation – 3 standards supported



ISO20022 to become the only supported standard in the future – date TBD

KDPW – use of international messaging standards

ISO20022 for settlement and reconciliation - scope

☐ Available from November 2017

- ☐ sese.023.001.07 – settlement instruction
- ☐ sese.024.001.08 – settlement instruction status
- ☐ sese.025.01.07 – settlement confirmation
- ☐ semt.017.001.07 – statement of transactions

Latest message versions
selected at the
implementation date

☐ To be available from November 2018

- ☐ semt.003.001.08 – statement of holdings
- ☐ semt.013.001.03 – intra-position advice
- ☐ sese.030.001.05 – transaction condition modification advice
- ☐ sese.028.001.04 – allegation advice
- ☐ sese.020.001.04- cancellation request
- ☐ sese.022.001.03 – instruction status query

Corporate Actions Processing

KDPW – use of international messaging standards

Corporate Actions and General Meetings



ISO20022 to become the only supported
standard in the future – date TBD

KDPW – use of international messaging standards

ISO20022 for Corporate Actions - scope

☐ Available from 2013

- ☐ seev.031.001.03 – corporate action notification
- ☐ seev.032.001.03 – corporate action event processing status advice
- ☐ seev.033.001.03 – corporate action instruction
- ☐ seev.034.001.03 – corporate action instruction status advice
- ☐ seev.035.001.03 – corporate action movement preliminary advice
- ☐ seev.036.001.03 – corporate action movement confirmation
- ☐ seev.038.001.03 – corporate action narrative
- ☐ seev.039.001.03 – corporate action cancellation advice
- ☐ seev.040.001.03 – corporate action instruction cancellation request
- ☐ seev.041.001.03 – corporate action instruction cancellation request status advice

Latest message versions available
once full migration is complete.

Corporate Actions processing by KDPW

- **Corporate Actions** resulting from securities traded on organised markets:
 - Cash distributions (e.g. DVCA, INTR, CAPG),
 - Stock distributions (i.e. RHDI),
 - Mandatory reorganisations (e.g. REDM, MCAL, PCAL, SPLF, SPLR, PARI, CONV, WRTH),
 - Mandatory reorganisations with options (i.e. EXRI),
 - Voluntary reorganisations (i.e. BIDS),
 - Tax services (i.e. WTRC for relief at source or quick refund).
- **General Meetings** – (xml proprietary)
 - Notifications,
 - Provision of shareholders list to the issuer,
 - Proxy voting (only for foreign issuers),
 - Pilot project on eVoting powered by blockchain and ISO20022.
- Continuous efforts to become fully compliant with CAJWG and JWGGM standards.

Regulatory Reporting – ARM, TR (EMiR), TR (SFTR)

KDPW – use of international messaging standards

Regulatory reporting

EMIR



MIFID II/ MIFIR



Future...

SFTR



KDPW – use of international messaging standards

ISO20022 for Regulatory reporting - scope

☐ EMIR (recently finalised)

- ☐ auth.029.001.01 – EMIR trade report query
- ☐ auth.030.001.01 – EMIR Trade report
- ☐ auth.031.001.01 - Financial instrument reporting status advice

☐ MIFID II/MIFIR - ARM

- ☐ auth.016.001.01 – Financial instrument reporting transaction report
- ☐ auth.017.001.01 – Financial instrument reporting reference data report
- ☐ auth.031.001.01 - Financial instrument reporting status advice

☐ SFTR

- ☐ Business justification approved by ISO20022 RMG (Registration Management Group)

www.kdpw.pl