

April 2014

# Pricing Guidelines for Central Counterparty Clearing

**Bank Handlowy w Warszawie S.A.**

The information contained in this communication is addressed to clients of Bank Handlowy w Warszawie S.A. where clearing services are provided via KDPW\_CCP S.A.

# 1. Overview

---

- EMIR<sup>1</sup> entered into force on 16 August 2012 and requires that each existing central counterparty (“CCP”) established in the European Union applies for reauthorisation pursuant to the terms of this legislation.
  - As a clearing member who is subject to EMIR, Bank Handlowy w Warszawie S.A. (hereinafter referred to as “we”, “us”, “our” or “Bank Handlowy”) is required to:
    - publically disclose the prices and fees associated with the clearing services we provide (EMIR Article 38(1));
    - offer our clients a choice between omnibus client segregation (“Omnibus Account”) and individual client segregation (“Individual Account”) account types (EMIR Article 39(5)); and
    - publically disclose levels of protection we offer to clients, in respect of account types, the corresponding degrees of segregation and the associated costs (EMIR Article 39(7)).
  - These Pricing Guidelines set out, for the purposes of EMIR Article 38(1) and 39(7), are indicative pricing and costs for providing clearing services on KDPW\_CCP. Bank Handlowy’s fees may vary and will depend upon account structures and the products and services offered.
  - For further information regarding the levels of protection associated with the different levels of segregation please see our EMIR Disclosure Document which will be published shortly.
1. Regulation (EU) No 648/2012 on derivatives, central counterparties and trade repositories (known as the European Markets Infrastructure Regulation)

## 2. Client Clearing Fees

---

### Pricing Structure

- Bank Handlowy uses an unbundled fee schedule and example fees are set out in the CCP Annex. Pricing generally consists of two elements:

- Bank Handlowy's Fees

The relevant Bank Handlowy's Fees may change from time to time and will be set out in separate client agreements and associated fee schedules.

The charges set out in the CCP Annex are based on currently available information from KDPW\_CCP and are indicative of the maximum charge that could be applied to the stand alone provision of clearing services for the services listed in the table in the CCP Annex.

- Out of Pocket Fees

The fees set out in the CCP Annex are not inclusive of any fees or charges applied by any applicable exchange and/or KDPW\_CCP and/or other third parties (including, without limitation, commissions, fees or taxes) ("Out of Pocket Fees") for the provision of clearing services, and will vary depending on the clients omnibus segregation or individual segregation arrangements. All Out of Pocket Fees will be passed on to clients at cost. Out of Pocket Fees may change from time to time and are generally outside of Bank Handlowy's control. Any changes in these fees will be reflected in the pass-through to clients.

### Pricing Discounts

The maximum prices set out in the CCP Annex do not include any discounts that may be applicable to Bank Handlowy's Fees. Any discounts offered will be particular to the circumstances of each client and will factor in a number of variables including, and without limitation:

- the client's relationship with the Bank Handlowy business as a whole;
- client volumes;
- client internal Bank Handlowy credit rating;
- instrument type;
- tailoring of services.

Other services may attract additional charges, for example, the type of collateral provided by clients, alternative currency margining, or non-standard reporting solutions.

## The Following Illustrates How Fees May be Impacted by Different Variables

LOWER FEES	HIGHER FEES
OSA	ISA
High Clearing Volume	Low Clearing Volume
Higher level of overall business with Bank Handlowy	Lower level of overall business with Bank Handlowy
Higher internal Bank Handlowy credit rating	Lower internal Bank Handlowy credit rating
Standard Service Model	Bespoke Service Model
Margin Collateral Paid in Cash	Margin Collateral Paid in Non-cash
Standard Reporting	Bespoke Reporting

In addition certain clients may benefit from discounts applied to Out of Pocket Fees such as lower CCP fees for high volume providers. The application of those lower fees is outside of Bank Handlowy's control. Bank Handlowy will pass on such lower fees to clients if receives as part of the standard invoicing process.

## 3. Individually Segregated Accounts

---

- For any particular CCP service, clients may choose between an Omnibus Segregated Account or Individual Segregated Account offered by Bank Handlowy. As reflected above, different account structures at different CCPs may result in varying costs due to increased complexity (particularly from an operational and funding perspective).
- Opting for Individual Segregated Accounts may involve additional charges or costs that will be supplemental to any charges that would otherwise apply for Omnibus Segregated Accounts. In particular, the selection of an Individually Segregated Account may expose clients to additional Out of Pocket Fees, including without limitation, banking and payment transfer fees. Such charges will be passed on to clients.
- The overall costs and operational implications of the different Individually Segregated Accounts are still being developed in the industry and so may be subject to change in the near future. We will disclose any such changes in accordance with our obligations under EMIR.

## 4. CCP Annex

---

Bank Handlowy's maximum fees for provision of clearing services at KDPW\_CCP are set out below. These fees do not include specific Out of Pocket Fees (as defined above).

### KDPW CCP S.A.

Service Component	Fee
Bank Handlowy Clearing Fee (per execution)	Maximum of €1.20
Out of Pocket Fees	Passed though at cost
Bank Handlowy Omnibus Account Fee	No fee
Bank Handlowy Individual Segregated Account Fee-Porting Not Possible (per account)	No fee
Bank Handlowy Individual Segregated Account Fee-Porting Possible (per account)	Maximum of €2,000 per month

A hypothetical pricing example is set out below. Note that this is for illustrative purposes only and the fees quoted may be subject to some, all, or none of the variables and discounts set out above, depending on circumstances and criteria applicable from time to time;

### Scenario:

- Low volume client with less than 10,000 executions per month
- ISA structure with porting possible (one account)

### Estimated Fees

- Bank Handlowy Fees
  - Clearing Fee: EUR1.20 per execution = Total fee of **EUR12,000 per month**
  - ISA Fee: **EUR24,000 annually**
- Out of Pocket Fees (not inclusive)
  - KDPW\_CCP Clearing fee per execution = **0.0035 % of the value of the transaction**, however, not less than 0.2 PLN and not more than 2.5 PLN per transaction (execution);
  - KDPW\_CCP ISA Fee = KDPW\_CCP NCM Membership Fee of **PLN 10 000 annually**;
  - Fee for sending a unit message – **0.10 PLN** (sending a KDPW participant a message containing the terms of one transaction made in organised trading by an entity which is not a participant).

Full details of KDPW\_CCP's fees can be found at [http://www.kdpwccp.pl/en/Rules/Organised%20trading/Zal\\_1\\_TO\\_o\\_zorg\\_02\\_2014\\_EN.pdf](http://www.kdpwccp.pl/en/Rules/Organised%20trading/Zal_1_TO_o_zorg_02_2014_EN.pdf)

*Any terms set forth herein are disclosed solely for the purposes of article 38 and article 39 of the Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories, and are subject to final terms as set forth in separate definitive written agreements. Any prices, levels or standards of service contained herein are preliminary and indicative only and do not represent any offer on part of Bank Handlowy w Warszawie S.A. ("Bank Handlowy") or our affiliates. These indications are provided solely for you information and consideration, are subject to change at any time without notice and are not intended as a solicitation with respect to any services provided by Bank Handlowy or our affiliates. This presentation is not a commitment of Bank Handlowy or our affiliates in relation to the matters set forth herein nor does it obligate us to enter into such commitment. Prior to entering into any transaction for which Bank Handlowy or our affiliates provide any ancillary services you should determine, without reliance upon Bank Handlowy or our affiliates, the economic risk and merits (and independently determine that you are able to assume these risk) as well as the legal tax and accounting characterizations and consequences of any transaction. In this regard, by accepting this presentation, you acknowledge that (a) Bank Handlowy is not in the business of providing (and you are not relying on us for) legal, tax, accounting advice, (b) there may be legal, tax or accounting risk associated with any transaction, (c) you should receive (and rely on) separate and qualified legal, tax and accounting advice, and (d) you should apprise senior management in your organization as to such legal, tax and accounting advice (and any risks associated with any transaction) and our disclaimer as to these matters.*

**Bank Handlowy w Warszawie S.A. with registered office in Warsaw, 16 Senatorska Street, 00-923 Warsaw, Poland, registered by the District Court for the Capital City of Warsaw 12th Commercial Division of the National Court Register under KRS No. 000 000 1538; NIP 526-030-02-91; fully paid-up capital of the company amounts to 522,638,400 zlotys.**