



Detailed rules of supervision exercised by the Polish Power Exchange

I. Supervision – general provisions.

§ 1

1. The supervision exercised by the Polish Power Exchange Joint Stock Company (“the Exchange”) in accordance with the present rules is aimed at investigation and evaluation of extent to that the Exchange Members meet requirements resulted from the provisions of the Regulations for the Exchange Commodity Market of the Power Exchange Joint Stock Company (“the Regulations”) as well as other applicable law regulations concerning the exchange commodities trading.
2. The Exchange exercises supervision over the Exchange Members remembering first and foremost safety of trading, fulfilling of principles of honest trading as well as protection of the trading process participants.

§ 2

The supervision is exercised in particular through:

- a) investigation, verification and evaluation of consistence of actual conditions of the Exchange Members with the documents having been handed over for the Exchange;
- b) control of way in that and extent to that the Exchange Members fulfill their obligations specified in applicable regulations concerning functioning of the commodity exchange being run by the Exchange (“the exchange”);
- c) control of way in that and extent to that the Exchange Members meet the material and technical conditions connected with their activities on the exchange.

§ 3

The supervision activities shall concern in particular:

- a) verification of consistence of documents being handed over for the Exchange by the Exchange Members with their actual conditions;
- b) evaluation of way and form in that the Exchange Members store the documentation coming into being in connection with conducting of activities on the exchange, including keeping of accounts or records of the exchange commodities as well as evaluation of archiving the data and protection of them against loss and unauthorized access;
- c) checking of correctness of functioning of the Exchange IT system on the Exchange Members level as well as checking whether the technical requirements within the scope of the Exchange Members’ access to the Exchange IT systems are fulfilled.

§ 4

1. Supervision over the Exchange Members is exercised in particular through analysis of data received in form of documents as well as other reports and information pieces delivered for the Exchange by the Exchange Members on the strength of the Regulations as well as through inspection conducted in organizational units of the Exchange Members.
2. The supervision conducted through the analysis is aimed at checking consistence of the documents, delivered for the Exchange by the Exchange Members, with actual conditions.

3. The supervision conducted through the inspection is aimed at checking of consistence of the Exchange Members' activities on the exchange with the Regulations, other regulations of the Exchange as well as rules of honest trading.

II. Performing of the inspection.

§ 5

1. Orders for inspection to be performed in the Exchange Member organizational unit are given by the Director of the Exchange Quotation Department ("QD").
2. According to the motion of the QD Director the Exchange Management Board issues authorization for the Exchange employee ("the inspector") to perform the inspection.
3. The Exchange Management Board is entitled to authorize a person, who is not the Exchange employee, to perform inspection within the scope of functioning of the Exchange IT systems.
4. The Exchange Management Board does not issue the inspection authorization for a person who is disinterestedly suspected not to be unprejudiced.
5. The person ordering the inspection may notify the Exchange Member (in written form) about scheduled start of the inspection in order to enable the Exchange Member to be inspected to prepare appropriate documents as well as to assure presence of the person authorized to represent the Exchange Member to be inspected. The notification may be issued not earlier than 2 (two) working days before the day of start of the inspection.

§ 6

The authorization to perform the inspection is issued in written form and it should indicate:

- a) number, date and location of the issuing;
- b) first name, last name as well as appointment of the inspector;
- c) firm (name) of the Exchange Member to be inspected;
- d) location where the inspection will be performed;
- e) object of the inspection;
- f) date of starting of the inspection as well as anticipated duration of the inspection.

§ 7

1. The inspection is performed in location where the Exchange Member being inspected ("the Inspected Entity") conducts its activities, and in particular in its headquarters or branch.
2. The inspector is entitled to access the locations and the rooms mentioned in item 1 above.
3. The inspection is performed by one inspector or two inspectors, after providing the Inspected Entity with authorization to perform the inspection and showing of a document (documents) confirming identity of the inspector (inspectors).
4. The inspection begins at the moment of delivery of the authorization to perform the inspection and it is finished at the moment when the last inspection activity is accomplished.
5. The inspection activities should be performed in such manner that does not disturb (to significant extent) activities of given Exchange Member.

§ 8

The activities performed by the inspector during the inspection are aimed at:

- a) ascertaining of actual conditions as well as documenting of them;
- b) evaluation of correctness of the Inspected Entity's activities and in case of finding of incorrectness ascertaining of its reasons, scope and results;
- c) indication of methods of correcting of the incorrectness.

§ 9

The Inspected Entity is obliged to provide the inspector with access to relevant documents or other information carriers related to the object of the inspection, to give explanations, to provide the inspector with access to technical facilities needed for improvement of the inspection course.

§ 10

The inspector determines the inspection ascertainments on the grounds of:

- a) relevant documents or other information carriers;
- b) explanations given by the person authorized to represent the Inspected Entity as well as by other persons employed by the Inspected Entity;
- c) other materials, which could be instrumental in ascertaining of the actual conditions.

III. Post-inspection provisions.

§ 11

1. The inspector draws out the protocol concerning the performed inspection. The protocol should include in particular:
 - a) the firm (name) and the address of the Inspected Entity;
 - b) first names, last names and appointments of the inspectors;
 - c) number and date of the authorization to perform the inspection;
 - d) the object of the inspection;
 - e) date of beginning and end of the inspection;
 - f) first names, last names as well as appointments of the persons who gave explanations during the inspection;
 - g) description of the performed inspection activities as well as ascertainments concerning the actual conditions, along with indication of the documents or other information carriers, the ascertainments have been based on which;
 - h) description of found incorrectness, their reasons, scope and results;
 - i) in case when materials have been collected during the inspection course – the materials list;
 - j) location and date of drawing out of the protocol;
 - k) the inspector's signature.
2. The protocol should be drawn out in legible manner; it should be perspicuous and it must not arouse any interpretation doubt as regards the contents and wording describing the actual conditions.

§ 12

1. The inspection protocol is drawn out in two copies, within the period of 10 (ten) days, counting from the day of completing of the inspection.
2. On copy of the protocol is immediately sent to the Inspected Entity by registered letter.
3. The Inspected Entity is entitled to lodge its justified reservations concerning the inspection protocol within the scope of incorrectness cases, which have been found by the inspector – within the period of 7 (seven) days, counting from the day of receiving of the protocol.
4. The Quotation Department Director investigates the reservations concerning the inspection protocol within the period of 7 (seven) days, counting from the day of receiving of relevant letter.

§ 13

1. The Quotation Department Director enjoins the Inspected Entity to remove the incorrectness found during the performed inspection and he (she) establishes the deadline for removing them – (“the post-inspection injunctions”).
2. The Inspected Entity is obliged to notify the Exchange immediately about removing of the incorrectness, indicated in item 1 above.

§ 14

The Exchange employee who performs the supervision activities is obliged to:

- a) perform the activities in accordance with the principles and the mode established in the present detailed rules;
- b) fall in line with limits of authorization to perform the inspection;
- c) keep professional secret as well as to protect confidential information pieces.

§ 15

The Exchange archives all documents related to the performed inspection as well as it keeps the inspection log including the following information pieces:

- a) designation of the inspected entity;
- b) date of start and finishing of the inspection;
- c) the inspection scope;
- d) the post-inspection injunctions.

§ 16

1. The inspectors, the Quotation Department Director as well as the Exchange Management Board have access to the documents collected during the inspection.
2. The Exchange is entitled to provide the Polish Financial Supervision Authority (“the Authority”) with information pieces, obtained by the Exchange within the framework of the supervision exercised by it, which are indispensable for exercising of the statutory supervision of the Authority over entities conducting activities on capital market.

IV. Sanctions.

§ 17

If the Inspected Entity:

- a) renders performing of the inspection impossible or difficult;
- b) does not provide the inspector with access to relevant documents or other information carriers related to the object of the inspection, does not give explanations or does not provide the inspector with access to technical facilities indispensable for improvement of the inspection course;
- c) does not apply for the post-inspection injunctions;

The Exchange Management Board is entitled to apply (at any moment) the following disciplinary measures (provided for in the Regulations) towards the Inspected Entity:

- a) issuing of notice;
- b) imposing of pecuniary penalty in amount up to 20.000,- zloty.

§ 18

The Exchange Management Board is entitled to apply the measures provided for in § 32 as well as § 33 of the Regulations if the inspection is ordered in connection with the Inspected Entity's breach of the trading safety rules, honest trading rules or protection of the trading process participants.