



## **EMIR Information for Liquidity Solution**

Acting in compliance with the European Market Infrastructure Regulation on OTC derivatives, central counterparties and trade repositories (EC/648/2012) X-Trade Brokers DM S.A. ("XTB") has established following rules of portfolio reconciliation and dispute resolution regarding risk-mitigation for non-centrally cleared OTC derivative contracts.

### **Portfolio reconciliation**

Provisions of EMIR Regulatory Technical Standard impose on financial and non-financial counterparties of each OTC derivative contract which is not cleared via a central counterparty an obligation to agree on a procedure indicating frequency and conditions of portfolio reconciliation.

The reconciliation must cover key trade terms and the valuation attributed to each contract. Such portfolio reconciliation is required to be performed at a specified frequency depending on the number of OTC derivative contracts outstanding between the parties.

In order to provide most accurate and efficient way of portfolio data exchange XTB offers its Clients an electronic Trading Platform enabling continuous two-way outlook on the entire portfolio, together with terms and valuations of currently open positions as well as post-execution processing of closed transactions.

The reconciliation is being performed in negative affirmation manner which enables each party to notify any arisen discrepancies.

If a Client identifies a discrepancy which he considers, acting reasonably and in good faith, is material to the rights and obligations of the parties in respect of a relevant transaction, it will notify XTB in writing as soon as practicable and the parties will consult with each other in an attempt to resolve any such discrepancy using applicable reconciliation data produced during the period in which such discrepancy remained outstanding.

### **Dispute resolution**

European Market Infrastructure Regulation provisions regarding risk mitigation impose on financial and non-financial counterparties specific requirements concerning dispute resolutions. Parties entering into OTC derivative contract are obliged to establish procedures regarding identification, recording, and monitoring of disputes relating to the recognition or valuation of the contract and exchange of collateral between counterparties.

In order to ensure compliance with those requirements XTB declares that all complaints submitted by the Client in accordance with the Terms of the Agreement are properly identified recorded and monitored in XTBs electronic systems in line with XTB's internal procedures. Such records contain in each case moment of complaint being filed, length of time for which the dispute remains unresolved, details identifying the counterparty and the amount which is disputed.

In the event of any doubt regarding the valuation of transaction or discrepancies in exchange of collateral the Client shall notify XTB, in accordance with the provision of the Agreement, specifying the exact transaction that shall be revaluated and indicating basis of such request.

If a complaint is not clear or precise, or there is doubt as to what exactly is being complained, XTB shall have the right to ask the Client for submitting further information or clarification. The Client acknowledge that if complaint is not clarified or requested information not provided, the complaint might be on such basis rejected.

Any complaints, especially concerning discrepancies in material terms, valuation or in exchange of collateral process are duly recorded and should be investigated without undue delay in timely manner.

In case of more complicated cases XTB's reply to the complainant may take longer than usual, due to additional measures of internal investigation regarding the stated situation.

In case the dispute remains outstanding for five business days, XTB informs the Client, that due to the complexity of the complaint the on-going process of resolving the case may take longer than usually. Simultaneously Client is being informed about an estimated time of the final stand of XTB.

In any case XTB and Client shall consult in good faith in an attempt to resolve the dispute in a timely manner, including, without limitation, by exchanging any relevant information and by identifying and using processes which can be applied to the subject of the dispute or determining and applying a resolution method for the dispute.

Should any unresolved disputes between XTB and the Client, relating to an uncleared OTC derivative contract, its valuation or Margin, for an amount or value higher than EUR fifteen million be outstanding for at least fifteen business days, such dispute will be reported to Polish Financial Supervision Authority, as the competent authority.