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## REDUCTION OF THE GPW GROUP'S COSTS OF SUPERVISION OVER THE CAPITAL MARKET

The Act of 12 June 2015 amending the Capital Market Supervision Act and certain other Acts largely extended the list of entities required to finance supervision (by adding, among others, banks, insurers, investment funds, public companies, brokerage houses and foreign investment firms) and changes the amount of contributions of entities. As a result, the cost paid by the GPW Group was reduced significantly to PLN 9.1 million in 2016 compared to PLN 22.0 million in 2015. The Act was signed into law by the President of Poland on 31 July 2015 and promulgated in the Journal of Laws on 31 August 2015. A Regulation of the Minister of Finance effective as of 1 January 2016 determines among others the calculation method as well as the terms and conditions of the payment of fees by relevant entities. GPW reduced trading fees on transactions in shares, rights to shares and ETFs in the part of the order value up to PLN 100 thousand from 0.033% to 0.029% as of 1 January 2016, and reduced the fixed fee on an order from PLN 0.30 to PLN 0.25 as of 1

November 2016 in order to share the savings from the change of the structure of PFSA fees with active market participants. The reduction of the PFSA fee combined with the reduction of trading fees offered by GPW resulted in a proportionate decrease of both revenue and operating expenses throughout 2016.

## GPW'S INVESTMENT IN AQUIS EXCHANGE LTD

In H1 2016, Aquis Exchange Limited issued shares at GBP 18.50 per share, which was more than the price paid by GPW (GBP 13.02 per share). Following a share issue without the participation of GPW, GPW's share in Aquis measured by the number of shares decreased from 31.01% as at 31 December 2015 to 26.89% as at 30 June 2016. GPW's share in economic and voting rights decreased from 26.33% to 23.30%. In Q3 2016, Aquis Exchange completed another three new share issues, each at GBP 18.50 per share. As a result, GPW's share in Aquis measured by the number of shares decreased to 23.60% and GPW's share in economic and voting rights decreased to 20.79%. In October 2016, Aquis completed another new share issue at GBP 18.50 per share without the participation of GPW. As a result of Aquis's last share issue in 2016, GPW's share in Aquis measured by the number of shares decreased to 22.99% and GPW's share in economic and voting rights decreased to 20.31%.

## GPW'S INVESTMENT IN BONDSPOT

As at 31 December 2016, the share of GPW in the share capital and in the total number of votes at the General Meeting of BondSpot was 96.98%, stable year on year.

## GPW AS THE ORGANISER OF WIBID AND WIBOR REFERENCE RATE FIXINGS

In 2016, GPW decided to take over the functions performed by the Financial Markets Association ACI Polska as the organiser of WIBID and WIBOR reference rate fixings. The decision of GPW to take over the functions of the organiser of reference rate fixings followed a proposal extended by the Association ACI Polska to GPW. ACI Polska decided no longer to perform the functions of the organiser in view of Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds, which takes effect in early 2018. The Regulation defines the three main categories of indices and imposes requirements on the entities which calculate the indices depending on such classification. In view of the Regulation, the Association ACI Polska decided that it would be unable to meet its requirements and approached GPW with a proposal to take over the functions of the organiser of WIBID and WIBOR reference rate fixings. Following an analysis, GPW decided to accept ACI Polska's proposal.

The transition will take place in phases including: starting the organisation of fixings; obtaining the authorisation to perform the functions of administrator; reviewing the rates methodology. In addition to taking over the organisation of reference rate fixings, GPW will also become the calculation agent. The agreement will take effect subject to its approval by the WIBOR Board and the approval of the amendments to the Rules for Fixing WIBID and WIBOR Reference Rates by the banks participating in the fixings.

GPW's decision to take over the organisation of WIBID and WIBOR rate fixings is an important step in its history. While GPW previously focused on trade in capital and commodity market instruments, it now expands to financial market services.

GPW will take over the organisation of reference rate fixings in collaboration with the banks participating in the fixings. This is particularly relevant in view of the role of the banks in the process and the scope of use of reference rates in the banks' business.

GPW will organise WIBID and WIBOR rate fixings via its subsidiary GPW Benchmark S.A., formerly GPW Centrum Usług S.A.

## ISSUE OF SERIES D AND E BONDS

On 13 October 2016, the GPW Management Board passed Resolution No. 1058/2016 to issue 1,200,000 bearer bonds with a nominal value of PLN 100 per bond and a total nominal value of PLN 120.0 million. The decision provided for the issue of two series of bonds: series D bonds with a total nominal value up to PLN 60 million and series E bonds with a total nominal value up to PLN 60 million. The bonds bear interest at a floating rate equal to WIBOR 6M plus a margin. The margin on series D and E bonds is 0.95%. The interest on the bonds is paid semi-annually. The series D and E bonds are due for redemption on 31 January 2022.

The issue of series D and E bonds started in 2016 but the bonds were registered in January 2017. Therefore, no liability under the series D and E bonds was recognised on the books as at the end of December 2016.