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# **BENCHMARK STATEMENT**

## **POLSTR INTEREST RATE INDEX**

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**Benchmark Statement - POLSTR Interest Rate Index, adopted by Resolution No. 101/2025 of the Management Board of GPW Benchmark S.A. dated 30.06.2025.**

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**History of changes:**

Board Resolution	changes	effective date
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This document constitutes a statement regarding the benchmark referred to in Article 27 of Regulation (EU) 2016/1011 of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (Benchmarks Regulation – “BMR”) presented by GPW Benchmark S.A. (“Administrator”) as the entity overseeing the provision of the POLSTR Interest Rate Index (“POLSTR”), authorized by the Polish Financial Supervision Authority to act as a benchmark administrator.

This statement summarizes the key elements of the methodology for the provision of POLSTR (the “Method”) and the main related procedures. The Method and its accompanying procedures are described in detail in the documentation published on [the Administrator’s website](#).

The definitions of the terms used to describe the POLSTR Methodology are contained in the *List of Key Terms for the POLSTR Interest Rate Index and the POLSTR Compound Indices Family*.

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**Date of last update:** -

**Key terms** [art. 27(2)(a) of the BMR]<sup>1</sup>

Definitions of key terms regarding POLSTR, capitalized in this statement, are set out in the *List of Key Terms for the POLSTR Interest Rate Index and the POLSTR Compound Indices Family*, attached as an annex to this statement and accessible on the [Administrator’s website](#). A description of the market being measured and its geographical boundaries is included below.

**ISIN Code** [art. 1(1)(b) of the RTS]

Index	ISIN Code
POLSTR – Polish Short Term Rate	PL9999996421

**Use of contributions input data** [art. 27(2)(c) of the BMR, art. 1(1)(c) of the RTS].

POLSTR is determined (calculated) based on data on PLN-denominated deposit transactions with overnight (O/N) maturity conducted between Data Contributors and Credit Institutions and Financial Institutions. Transaction data are contributed daily to the Administrator by the Data Contributors – panel participants, including banks listed on [the Administrator’s website](#). Transaction data received by the Administrator constitute the Input Data for POLSTR.

**Reference market** [art. 27(1)(a) BMR, art. 1(2)(a–c) RTS]

The Reference Market measured by POLSTR is the wholesale money market consisting of Credit Institutions and Financial Institutions.

Measurement is based on a defined sample consisting of transactions of Data Contributors concluded on the Reference Market. The list of Data Contributors is presented on [the Administrator’s website](#). The assets of the Data Contributors accounted for almost 75% of the banking sector in recent years, meaning that this group includes the largest domestic banks and can be considered representative of the entire sector.

The Administrator publishes on its [website](#) statistics concerning the Eligible Transaction Pool, i.e., the set of transactions used to determine the POLSTR value on a given Business Day. The Eligible Transaction Pool

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<sup>1</sup> The references in brackets are to the statement content requirements contained in the BMR and Commission Delegated Regulation (EU) 2018/1643 of 13 July 2018 supplementing the Regulation with regard to regulatory technical standards clarifying the content of the statement [...] (“RTS”)

results from the preparation of Input Data reported by Data Contributors in accordance with specific elements of the Method, some of which affect the scope and volume of Input Data ultimately used to determine the index value. Statistics presented on [the Administrator's website](#) include the number of Data Contributors and the number and volume of transactions included in the Eligible Transaction Pool used to determine POLSTR for a given day.

Statistics for a given POLSTR determination reflect the state of the Reference Market on that day, as presented by the Input Data reported by the active group of Data Contributors on that Reference Market on that day, after applying those elements of the Method that organize the scope of reported Input Data and may limit it to the data eligible for inclusion in the Eligible Transaction Pool.

To ensure an acceptable level of representativeness of POLSTR over time, the Administrator has established validation procedures for the Method to maintain the average daily volume of the Eligible Transaction Pool, i.e., the set of Input Data after applying elements of the Method affecting the volume of this pool, at a level not materially lower on average than the total volume of Input Data before their application. As a general rule, the Method allows the average daily volume of the Eligible Transaction Pool over the last 5 years to deviate downward from the average total information pool of Input Data provided during that period, after applying the elements of the Method that limit the volume and scope of this pool, by an amount of:

- (1) 10% of the average daily volume of the Eligible Transaction Pool, or
- (2) the standard deviation of the daily volume of the Eligible Transaction Pool over the 5-year analysis period.

The Method assumes selecting the restriction that ensures a more stringent approach to representativeness and, according to the adopted principles, determines the level of certain parameters of the POLSTR determination Method.

**Circumstances in which market measurement may become unreliable** [art. 27(1)(a) of the BMR, art. 1(3)(a-c) RTS]

The Administrator identifies potential limitations to the reliability of the market measurement, which is the objective of POLSTR, when Input Data are:

- ✓ insufficient,
- ✓ inaccurate, or
- ✓ unreliable.

Input Data include information on Deposit Transactions with an *overnight* (O/N) maturity, entered into by Data Contributors with counterparties belonging to the respective segments of the Reference Market.

#### Insufficient Input Data

The Administrator has set out conditions under which the Input Data on a given day can be deemed sufficient to determine the POLSTR value using the standard approach:

- (i) the share of a single Data Contributor in the volume (sum of the nominal value<sup>2</sup>) of all Input Data forming the Index's Eligible Transaction Pool on the given determination day must not exceed 75%,
- (ii) the Input Data must be provided by at least 3 entities,
- (iii) the volume (sum of the nominal value) of transactions constituting the Input Data included in the Eligible Transaction Pool must not be less than PLN 1 billion.

If the above conditions are not met, on a given Business Day the value of POLSTR will be determined on the basis of the fallback procedure for POLSTR determination, as described in the Rules of the POLSTR

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<sup>2</sup> alternatively: „nominal amount“

Interest Rate Index ("POLSTR Rules"), available on [the Administrator's website](#). In accordance with this procedure, the value of POLSTR is set as the NBP reference rate applicable on that day, increased by the average difference between the NBP reference rate and the POLSTR value from the five days preceding the calculation, adjusted for the interest rate convention (from ACT/360 to ACT/365).

#### Inaccurate Input Data

Input Data are considered inaccurate if they contain an Error.

As part of managing the mechanisms for provision of the POLSTR, the Administrator establishes processes to ensure that Data Contributors deliver reliable Input Data and applies appropriate procedures whenever doubts arise regarding the accuracy of the contributed Input Data. Under the Methodology, the Administrator identifies Input Data that clearly stand out due to significantly deviating interest rate levels, classifying them as outliers, i.e. potentially erroneous.

The Code of Conduct, together with its annexes, published on [the Administrator's website](#), sets out the formal requirements and quality standards applicable to Input Data contributed to the Administrator. Each Data Contributor undertakes to apply procedures that ensure the detection and immediate reporting of Errors as well as the notification of Cancelled Transactions. The Code of Conduct introduced provisions into the obligations of Data Contributors regarding the reporting of Errors and Transaction Cancellations, in order to ensure the prompt transmission of such information to the Administrator and the verification of the impact of corrected Input Data on the determination of the index.

Simultaneously with the Data Contributors, the Administrator conducts appropriate procedures on its part regarding Input Data deemed inaccurate, also based on its own analytical procedures carried out on the transaction data set. In such cases, the Administrator requests the Data Contributor to re-verify the contributed Input Data and applies procedures ensuring that Input Data from the Data Contributor are not used if there are grounds to believe that the contributor is not complying with the Code of Conduct.

Furthermore, the Administrator conducts its own analytical procedures whenever there is a suspicion of inaccuracies in the contributed Input Data. If the Administrator has reasonable doubts regarding the accuracy of specific elements of the Input Data, it excludes them from the process of preparing the Eligible Transaction Pool and, consequently, from the determination of the index value.

In the event of identifying inaccurate Input Data, the Administrator does not use such Input Data from the Data Contributor if there are grounds to believe that the contributed Input Data are not in compliance with the Code of Conduct.

If Errors in the Input Data are detected after the determination of the index value for a given Business Day, and they are identified on the day of that determination, the Administrator implements the POLSTR Re-determination and Re-distribution Procedure (see below: **Procedures for dealing with errors; determining when a re-determination of the benchmark is required**).

The Administrator has introduced in the Code of Conduct requirements for having adequate procedures regarding contributed Input Data to ensure the mitigation of the risk of Errors and the prompt communication of any inaccurate Input Data.

#### Unreliable Input Data

Input Data are considered unreliable by the Administrator if they involve a breach of Input Data integrity, which may indicate manipulation or an attempt to manipulate the index.

Under the Code of Conduct, each Data Contributor commits to procedures ensuring the reliability of Input Data, including procedures for identifying transactions with potential manipulation, investigating them, and reporting them to the supervisory authority. It should be noted that Data Contributors are supervised

entities, i.e., required to have separate procedures and rules related to mitigating the risk of manipulation in accordance with MAR<sup>3</sup>.

The Administrator monitors the behavior of Data Contributors by, among others, verifying recurring events in order to identify the causes of their recurrence and applies analytical procedures to identify and analyze Input Data. The analytical procedures used by the Administrator constitute a tool independent of the internal procedures that each Data Contributor is obliged to implement. In the event of identifying unusual transactional activity, the Administrator takes actions to obtain explanations and notifies the supervisory authority in situations that may indicate manipulation or an attempt to manipulate the index in accordance with separate legal provisions.

### **Factors independent of the Administrator that may necessitate changes to, or the cessation of, the benchmark** [art. 27(1)(c) of the BMR]

Unforeseen circumstances and factors, i.e., external events beyond the Administrator's control, may result in permanent disruptions in the market being measured, i.e., a lasting lack of Input Data for the purposes of determining POLSTR values and the associated need for the permanent application of the designated fallback procedure.

The Administrator conducts periodic validation of the Method, aimed at verifying and confirming that the procedures, processes, and parameters adopted by the Administrator in developing the indices lead to optimal use of data, including transaction data. In particular, the Administrator conducts an ex post assessment of the Method, taking into account the verification of available data used as Input Data, including the study of trends in the formation of the index's Eligible Transaction Pool, as well as the impact of changes in transaction levels on the Reference Market on the permissible parameter levels of the POLSTR Method.

The periodic review of the POLSTR index, including validation elements, takes place on an annual basis, although the Administrator may carry out ad hoc reviews. The Administrator conducts a review of the POLSTR Method whenever the fallback procedure is frequently applied. The outcome of this review may be a modification of the POLSTR Method or a decision to discontinue POLSTR.

In accordance with the Method validation procedures, based on the ongoing validation carried out, the Administrator may decide, where possible, to either change the method or discontinue the index. The circumstances and actions undertaken by the Administrator in the event of modifications or discontinuation of the benchmark are defined in the Procedure of Review and Change of Interest Rate Benchmarks Methods, an extract of which is published on the [Administrator's website](#).

### **Impact of a change in the Method or cessation of provision of the benchmark on users** [Art. 27(1)(d) BMR]

Changes in the POLSTR Method or the potential cessation of POLSTR provision by the Administrator may have a significant impact on users, including on:

- ✓ any financial contracts or instruments referencing POLSTR,
- ✓ the way investment fund performance is measured by the managing entities.

Benchmark users, in accordance with BMR rules, are required to adopt reliable plans specifying the actions they would take in the event of a material change to the method or the discontinuation of a given benchmark. Where possible and appropriate, such plans designate one or more alternative benchmarks that could be referred to in order to replace the benchmark which has been discontinued.

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<sup>3</sup> Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (Market Abuse Regulation) repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC, and 2004/72/EC, together with delegated and implementing acts.

In the event of a material change to the benchmark method, public consultations precede any communication about this change. Information on the adopted method changes is communicated by the Administrator on the [website](#). In the event of cessation of provision of the benchmark, the Administrator may conduct public consultations and may recommend an alternative benchmark that entities can use if the benchmark is discontinued.

#### **Method of determination** [art. 27(2)(b-c of the BMR)]

POLSTR is determined based on Input Data, that is, data on Deposit Transactions with an overnight (O/N) maturity, i.e., one-day transactions. The POLSTR level represents the average interest rate weighted by the volume of these transactions, understood as the sum of the nominal value of the Deposit Transactions included in a given Eligible Transaction Pool. Data Contributors contribute Input Data to the Administrator on each Business Day, based on the Code of Conduct and according to the detailed rules for contributing these data, covering their preparation process, to ensure their reliability and accuracy.

In the process of determining POLSTR, only data relating to transactions with an *overnight* (O/N) maturity are considered, i.e., transactions where funds are provided (deposited) today (on the day of the transaction) and returned on the next Business Day. The Administrator does not use data with other maturities due to the type and nature of the POLSTR index, which is defined as a rate close to the risk-free rate. The POLSTR Method aims to minimize exposure to liquidity risk, credit risk, and other types of risk in the Method by considering only transactions with an O/N maturity. POLSTR does not take into account expectations regarding future interest rate movements and reflects the situation in the Reference Market on a given Business Day.

To determine the POLSTR value each day, after the Data Contributors contribute the Input Data to the Administrator, elements of the Method are applied to ensure proper preparation of the Eligible Transaction Pool. Input Data relating to transactions between Data Contributors are consolidated so that the same transaction reported by two Data Contributors is not counted twice.

Only transactions above a certain minimum nominal value participate in the determination of the index, which is defined in the POLSTR Rules as the Minimum Volume Threshold of a Single Transaction. This value is subject to periodic validation along with other elements of the Method, primarily the cut-off level of the Main Adjustment, which is a Method parameter indicating the central range of the ordered structure of Input Data used to determine the final POLSTR value. The Minimum Volume Threshold of a Single Transaction and the Main Adjustment cut-off level are therefore Method parameters, which are adjusted based on analytical procedures to limit the daily volatility of this index while maintaining strict conditions regarding the formation of the Eligible Transaction Pool. The Administrator determines, based on the adopted analytical procedure, the maximum permissible decrease in the Eligible Transaction Pool after applying the Minimum Volume Threshold of a Single Transaction—thus defining the maximum allowable level of this parameter—and adjusts this parameter according to a cyclically repeated procedure in case of changes in market conditions. In the event of a decline in transaction activity on the Reference Market, the Administrator's rules will not only prevent increases in the Minimum Volume Threshold of a Single Transaction but will also ensure its downward adjustment when activity in the domestic money market decreases.

The Input Data are adjusted for their impact if they relate to transactions of relatively high nominal value, since the index is determined as a volume-weighted average and a transaction of relatively high nominal value could affect the index value. The Administrator determines the level of the parameter called the Maximum Volume Threshold of a Single Transaction based on the historical structure of the Input Data. If a transaction has a volume higher than the accepted level, its volume is adjusted downwards to the level permitted by this parameter.

Transactions with unusually low or high interest rates compared to the median interest rate of the Input Data on the given day of determining POLSTR are excluded. This means that the Administrator does not

take into account so-called “outliers.” Thanks to this, atypical transactions carrying a risk of inaccuracy do not affect the value of POLSTR.

After preparing the Eligible Transaction Pool in line with the adopted rules, a verification of three conditions is foreseen. These conditions are defined in accordance with market practice and are intended to ensure the identification of situations in which the Input Data used to determine POLSTR are insufficient.

The first condition is that the share of one Data Contributor in the volume (total nominal value) of the Eligible Transaction Pool must not exceed 75%. The second condition requires that the minimum number of entities providing data on a given day is 3. The third condition is that the total volume of the Eligible Transaction Pool cannot be less than PLN 1 billion.

If the above conditions are not met, POLSTR is determined on the basis of a fallback procedure, as the Input Data are insufficient to determine the value of POLSTR.

When the above conditions are met, the so-called Volume Scaling-down Procedure applies, the purpose of which is to limit the influence of such Input Data where a Data Contributor holds a dominant position within the Financial Institutions segment subject to the Volume Scaling-down Procedure. The Method defines what is considered a dominant level both regarding the share of transactions from the Financial Institutions segment and the share of the dominant Data Contributor within that segment. If the above situation occurs, the nominal value of the dominant Data Contributor’s transactions in that segment is proportionally limited so that the contributor no longer holds a dominant position in the segment.

The procedure is applied to limit the risk of a single Data Contributor having an outsized influence on the POLSTR value, as well as to mitigate the impact of exceptional situations in the financial market, so that large funds obtained from deposits by Financial Institutions due to an individual contributor’s strategy do not significantly affect the POLSTR value, especially when the activity of other Data Contributors is reduced.

After the Eligible Transaction Pool is prepared, the so-called Main Adjustment is applied, followed by the method for determining the POLSTR value.

The Main Adjustment aims to limit the range of transactions used to calculate the volume-weighted average to those whose rates are relatively close to the average rate observed on the given day, symmetrically trimming more extreme observations at both ends of the daily distribution of volume-weighted interest rates (both relatively high and relatively low).

Based on the central, restricted distribution of volume-weighted interest rates determined as part of the Main Adjustment, the POLSTR value is determined as the volume-weighted average interest rate, rounded to three decimal places.

The POLSTR Method, in terms of the above-mentioned procedures and the resulting parameters of the Method, is reviewed and validated at least annually.

### **Rationale for the adopted method** [art. 27(2)(b) of the BMR]

The adopted Method complies with the requirements of the Benchmarks Regulation, which incorporated global standards for the development of financial benchmarks into European law, as set out by the International Organization of Securities Commissions (IOSCO) in the document *Principles for Financial Benchmarks*<sup>4</sup>.

POLSTR is an index defined as a rate close to the risk-free rate, that is, it is a *Risk Free Rate* (RFR) type index, which means that it aims to minimize liquidity risk, credit risk, and other types of risk by considering only transactions with O/N maturity. RFR does not take into account expectations regarding future interest

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<sup>4</sup> See: [IOSCO Principles for Financial Benchmarks, IOSCO 2013](#)



rates developments, it is a one-day index, and it reflects the state of the Reference Market on the day for which it is determined.

In preparing the methodological assumptions, the Administrator took into account the methodological principles used in benchmarks and indices previously adopted, including:

- ✓ the euro area (€STR – *the euro short-term rate*),
- ✓ Sweden (SWESTR – *Swedish krona Short Term Rate*),
- ✓ the United Kingdom (SONIA – *Sterling Overnight Index Average*).

To adequately reflect the Polish financial market in the POLSTR Method, the Administrator calibrated the method based on transaction data provided by Data Contributors. The methodological assumptions were subject to public consultation<sup>5</sup>. When determining the Method, the Administrator considered specific features of the Polish money market, such as size and normal liquidity, standard transaction concentration levels, and its dynamics, in order to ensure a reliable reflection of the market that POLSTR aims to measure.

The rules for measuring the Reference Market, including the rules for validating the Method parameters, are defined to ensure stability and resilience in the preparation of POLSTR. The Administrator applies parameters and elements of the POLSTR Method that protect the representativeness of the index by establishing strict Method validation procedures dependent on the average daily volume over time, while simultaneously limiting index volatility.

Volatility can be considered an inherent feature of indices determined on the domestic money market, especially when compared to certain RFR-type indices and benchmarks developed under other currency regimes (particularly in highly developed financial markets). However, taking into account consultation results and experience with the implementation of RFR-type indices, it is recognized that excessively high volatility may limit the effectiveness of implementing the index into the financial system, and uncertainty regarding future volatility could increase the costs of its implementation in the domestic system. Consequently, the Administrator undertakes actions aimed at validating the Method amidst changing conditions in the money market over time, while also limiting volatility and ensuring the index remains representative of the Reference Market.

#### **Change of the method and cessation of provision of the benchmark; outline of public consultation procedures concerning material changes to the method [art. 27(2)(a) of the BMR, art. 1(5) of the RTS]**

The Administrator has adopted a definition of a "material change" to the POLSTR Method and presented it in Annex 1 to the POLSTR Rules. According to this definition, a material change is a modification of one of the key elements of the Method that would result in a change in the trajectory of POLSTR in terms of the average level of the index over time and its volatility over time. This approach reflects the assumption that none of the key elements of the Method will be changed by the Administrator without first conducting public consultations involving financial market participants.

In the event of a planned material change to the Method, the Administrator agrees on the scope and content of the consultation document with the Oversight Committee, a body established by the Administrator in accordance with BMR requirements, overseeing all aspects of POLSTR development, and composed of individuals not otherwise affiliated with the Administrator.

The Administrator will publish the consultation document, describing the proposed change, on its [website](#), and will also send it individually to the group of stakeholders, primarily including:

- ✓ Data Contributors,

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<sup>5</sup>The consultation documents are available on the website of the Polish Financial Supervision Authority: [https://www.knf.gov.pl/dla\\_rynku/Wskazniki\\_referencyjne/prace\\_grupy](https://www.knf.gov.pl/dla_rynku/Wskazniki_referencyjne/prace_grupy)



- ✓ users, i.e., entities entitled to apply and use the POLSTR index under an agreement concluded with GPW Benchmark,
- ✓ industry associations of users,
- ✓ the National Bank of Poland,
- ✓ public authorities and public administration offices.

The Administrator sets a period of 8 weeks for submitting comments as the standard duration of one round of public consultations. This period may be shortened with the consent of the Oversight Committee if it is a subsequent consultation round or if the Administrator needs to respond to extreme market conditions.

The Administrator's Management Board has the right to make the final decision on adopting or abandoning a material change to the Method after the publication of public consultation results and subject to the Oversight Committee's approval of this decision.

**Rationale for the adopted procedures for review and approval of the method** [art. 27(2)(b) of the BMR]

To carefully consider the consequences of a potential material change to the Method and to provide justification for such a change, proposals for material changes are subject to public consultations as well as oversight and approval by the Oversight Committee.

The review and method change principles outlined above, available on the Administrator's [website](#), allow for:

- ✓ timely notification of stakeholders about a possible material change,
- ✓ analysis by stakeholders,
- ✓ submission of comments regarding the impact of the proposed changes,
- ✓ responding to the submitted comments, and
- ✓ making a justified decision, in consultation with the Oversight Committee, on whether to implement or abandon the proposed change.

**Characteristics of the input data** [att. 27(2)(c) of the BMR]

To determine POLSTR on a given Business Day, data provided by Data Contributors, i.e., banks that are parties to the Code of Conduct, are used. Data used to determine POLSTR include only information on unsecured deposit transactions in PLN with an overnight (O/N) maturity concluded by these entities. Transactions concluded on the previous Business Day, qualified for calculations according to the detailed rules set out in the Method described in section 2.5 of the POLSTR Rules, are used to determine POLSTR on a given day.

The Input Data therefore consist of transaction data contributed to the Administrator as part of the Input Data reporting process for the purpose of determining the index, in accordance with the Code of Conduct.

The rules for selecting and preparing transaction data (Input Data) by Data Contributors are specified in detail in the Code of Conduct.

The Method includes stages for preparing the Eligible Transaction Pool, verifying the quality of the Eligible Transaction Pool, applying the Main Adjustment, and determining POLSTR according to the formula, and it does not give priority to any type of Input Data, nor does it allow the use of models or methods to extrapolate data from other markets.

**Exercise of expert judgement and discretion; controls and evaluation measures** [Art. 27(1)(b), Art. 27(2)(d) BMR]

The Method does not provide for the use of discretion (based on expert assessment) in relation to the use of Input Data when determining the index by the Administrator. The POLSTR Method does not permit any actions aimed at adjusting the determined POLSTR values in response to any unexpected market events.

**Procedures to be applied in stress periods or in periods where transaction data sources may be insufficient, inaccurate or unreliable** [art. 27(2)(e) of the BMR, art. 1(3) of the RTS]

There is a probability of a situation arising in which the Data Contributors drastically reduce the execution of overnight Deposit Transactions in PLN, or shift from conducting unsecured Deposit Transactions to secured transactions. Such a situation may occur, for example, in the case of a financial crisis, a decline in confidence in the financial market, or under negative interest rate conditions. There is also the possibility of an unpredictable, rare event with a significant impact on the broader market, which could temporarily halt all activity on the Reference Market.

In the situations described above, the sources of transaction data may become insufficient to meet the minimum conditions established by the Administrator. In such a case, a fallback procedure for POLSTR determination will be applied. According to this procedure, the calculation takes into account the NBP reference rate applicable on the given day, increased by the average difference between the NBP reference rate and the POLSTR values from the five days preceding the calculation, with an adjustment made for the interest convention of the NBP reference rate. No time limits (maximum number of days) have been introduced for the application of this procedure; however, in the event of its frequent use, steps are taken to review the Method. The Administrator does not provide for separate procedures in the event of periods of extreme conditions or extraordinary market events.

In cases related to technical problems, e.g. linked to cyberterrorism, the Administrator will resume determination and announce it publicly as soon as possible, in line with the established crisis response procedures. If the described events prevent the publication of the POLSTR value by 12:00 on a given Business Day, it will not be determined, made available in real time, or published that day.

**Procedures for dealing with errors; determining when a re-determination of the benchmark is required** [art. 27(2)(f) of the BMR]

The Administrator has adopted a procedure under which the POLSTR value will be re-determined and re-distributed on a given Business Day if:

- ✓ a Data Contributor reports an Error or a Transaction Cancellation in the contributed Input Data by 11:30 on that Business Day, or
- ✓ the Administrator identifies an inaccuracy in the POLSTR value for other reasons, e.g. a technical error in its own IT system.

The POLSTR Re-determination and Re-distribution Procedure involves comparing the re-calculated POLSTR value with the value previously published at the scheduled time. If the difference resulting from this comparison is equal to or greater than 2 basis points, the Administrator will re-determine and re-distribute the POLSTR value at 12:00 or shortly after.

To avoid any doubt, the procedure is also applied in cases of delay in contributing Input Data to the Administrator.

**Potential limitations of the indices, including their operation in non-liquid markets and in the case of concentration of input data** [art. 27(2)(g) of the BMR]

The Reference Market may become temporarily or permanently inactive due to the overall situation in the financial market or other reasons. In such cases, the Eligible Transaction Pool may be insufficient to determine the index. The number of active market participants and Data Contributors for determining POLSTR may also be insufficient (due to a decline in their activity or their resignation from the role of Data Contributor), or a single entity may have too large a market share, which could create the risk of a decisive influence of that entity on the index value. In cases where such a situation is temporary, the fallback procedure for POLSTR determination is applied. Changes in the Reference Market or in the number of active entities contributing data may be permanent. In such a situation, the Administrator reviews the assumptions of the Method to amend it in a way that ensures the representativeness of the index under the new market conditions, or if this is not possible, decides to discontinue the index.

To limit the concentration of Input Data, the Method excludes the possibility of determining the index using the standard method on a given day if a single contributor's transactions exceed 75% of the Eligible Transaction Pool and if the number of entities that contributed data is fewer than 3. In such a case, the fallback procedure for POLSTR determination will be applied, the frequent use of which necessitates a review of the POLSTR Methodology.

To limit the risk of excessive concentration of Input Data, the Method also includes an analysis of the Eligible Transaction Pool for potential concentration of Deposit Transactions in a single entity, at two levels: the share of the Financial Institutions segment in the total Eligible Transaction Pool and the share of a single entity within that market segment. This analytical procedure is applied to ensure that the large liquidity needs of a single bank seeking funding from Financial Institutions do not significantly affect the value of the index. In the event of excessive concentration, the value of the transactions of the given entity in the determination of POLSTR is limited in accordance with the Method.

**Interest rate benchmark – specific requirements** [art. 1(1)(d) of the RTS, art. 3 of the RTS]

POLSTR is intended for use as a reference rate for interest rates within the meaning of Article 3(1)(22) of the BMR.

Accordingly, POLSTR is subject to the requirements set out in Annex I to the BMR, namely:

- ✓ the requirement to be based on accurate and sufficient data, which the Administrator implements through the application of rigorous and precise methods for preparing the POLSTR Eligible Transaction Pool, procedures concerning the quality of the Eligible Transaction Pool, the Main Adjustment procedure, and the application of the adopted formula for determining POLSTR;
- ✓ the requirement to have an independent oversight body, which the Administrator fulfills by establishing and continuously operating an independent Oversight Committee that oversees all aspects of POLSTR provision;
- ✓ the requirement to undergo an external audit within 6 months after the entry into force of the Code of Conduct, and subsequently every 2 years;
- ✓ the requirement to implement control systems and measures for the Data Contributor, which the Administrator fulfills by introducing the Code of Conduct, obliging each Data Contributor to strictly adhere to its provisions, and enforcing the Code of Conduct according to the procedures set out therein.

**Reviews and updates of the benchmark statement** [art. 27(1) of the BMR]

The Statement is subject to regular review, at least every two years, or whenever there are material changes to the POLSTR Method.

**Regulated data benchmarks** [art. 1(1)(d) of the RTS]

POLSTR does not qualify as a regulated data benchmark.

**Significant and non-significant benchmarks** [art. 1(1)(d) of the RTS]

POLSTR is an index intended for use as an interest rate benchmark. At the time of this statement's publication, POLSTR is not yet used by financial market participants, which means it does not constitute a benchmark within the meaning of the Benchmarks Regulation.

**Commodity benchmark** [art. 1(1)(d) of the RTS]

Interest rate benchmarks do not qualify as commodity benchmarks.

**Critical benchmarks** [art. 1(1)(d) of the RTS]

Currently, POLSTR does not constitute a critical benchmark within the meaning of the Benchmarks Regulation, whose administration is subject to a specific regime of European supervision.

**EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks** [art. 27(2a) of the BMR]

Interest rate benchmarks do not qualify as EU Climate Transition Benchmarks or EU Paris-aligned Benchmarks.

**Environmental, social policy and corporate governance factors** [art. 27(2a) of the BMR]

The methodologies for determining interest rate benchmarks do not take ESG factors into account.

**Alignment with carbon reduction target, achievement of the Paris Agreement targets** [art. 27(2a) of the BMR]

The methodologies for determining interest rate benchmarks do not take into account the achievement of carbon dioxide emission reduction targets or the goals of the Paris Agreement.

This statement supplements the following documentation, published on [the Administrator's website](#):

- ✓ The Rules of the POLSTR Interest Rate Index
- ✓ The Code of Conduct for the Family of Transaction-Based Benchmarks
- ✓ The conflict of interest management policy at GPW Benchmark S.A.
- ✓ The Procedure of Review and Change Interest Rate Benchmarks Methods (excerpt)
- ✓ Information on the complaints handling procedure
- ✓ Definitions of key terms relating to the POLSTR Interest Rate Index and the POLSTR Compound Indices Family (annex to this statement)