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# **ADMINISTRATOR'S RECOMMENDATION REGARDING THE COMMITTED QUOTES**

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Translation according to legal condition as of 4<sup>th</sup> February 2020. Revised on 25th August 2023.

**NOTE: Only the Polish version of this document is binding. Translation is provided for information only, although all efforts have been made to ensure its accuracy.**

## **1. INTRODUCTION**

- 1.1. In order to unify the Committed Quotes' determination process by Fixing Participants, the way Fixing Participants exercise their discretion in the process of determining the Committed Quotes, as well as to standardize the method thereof, the Administrator provides recommendations regarding the principles of preparation of Committed Quotes by Fixing Participants.
- 1.2. This document constitutes Annex 10 to the Code of Conduct, referred to in point 11.5 of the Code of Conduct, sets out the Administrator's recommendations addressed to Fixing Participants, specifying the rules for preparing the Committed Quotes.
- 1.3. All undefined, capitalized terms in this document have the meanings assigned to them in the Code of Conduct.

## **2. COMPONENTS OF A COMMITTED QUOTE**

- 2.1. The Committed Quote on each Fixing Day, for each Fixing Tenor, consists of two elements, which are:
  - 2.1.1. the Committed Quote Base,
  - 2.1.2. the Adjustment of the Committed Quote Base.
- 2.2. The Committed Quote amounts to a sum of the Committed Quote Base and the Adjustment of the Committed Quote Base.
- 2.3. When determining the Committed Quote, the Fixing Participant shall take into account factors which, depending on the Fixing Term, include in particular:
  - 2.3.1. market factors,
  - 2.3.2. economic factors, including expectations regarding the economic parameters,
  - 2.3.3. factors related to own liquidity in comparison to the banking sector,
  - 2.3.4. assessment of own credit risk as well as of banking-sector credit risk.
- 2.4. The list of factors referred to in point 2.3 may be developed by the Fixing Participant for each Fixing Tenor separately. These factors may be used more than once for different Fixing Tenors.

## **3. COMMITTED QUOTE BASE**

- 3.1. The Fixing Participant develops, implements and describes in its own Quoting Policy the procedure for determining the Committed Quote Base.
- 3.2. The procedure for determining the Committed Quote Base includes the bid and offer rates and may be different for each Fixing Tenor.
- 3.3. The procedure for determining the Committed Quote Base enables its replication and does not allow for any exercise of discretion.
- 3.4. The Committed Quote Database is determined on quantitative factors' basis. These factors can be both internal or external.
- 3.5. The Fixing Participant indicates and describes in the Quoting Policy the factors, on the basis of which the Fixing Participant determines the Committed Quote Base.
- 3.6. For each of the factors referred to in point 3.5, the Fixing Participant verifies the significance of these factors for the rate formation.

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- 3.7. For each of the factors referred to in point 3.5, the Fixing Participant justifies its application in the Quoting Policy.
- 3.8. The list of factors referred to in point 3.5 is subject to review and update according to the principles set out in the Quoting Policy, at least once a year.
- 3.9. The Fixing Participant designates the Committed Quote Base with the use of an analytical method (a model or algorithm) based on historical factor values or historical rate values, if such values are available.
- 3.10. The parameters of the analytical method referred to in point 3.9 is subject to review according to the principles set out in the Quoting Policy, at least once a year.

### **4. ADJUSTMENT OF THE COMMITTED QUOTE BASE**

- 4.1. The Fixing Participant develops, implements and records in own Quoting Policy the procedure for determining the Adjustment of the Committed Quote Base.
- 4.2. The procedure for determining the Adjustment of the Committed Quote Base may be different for each of the Fixing Tenors.
- 4.3. The procedure for determining the Adjustment of the Committed Quote Base includes exercise of discretion to correct the value of the Committed Quote Base determined with the procedure of determining the Committed Quote Base, based on current assessment of the market situation.
- 4.4. The Fixing Participant should document and justify the Adjustment of the Committed Quote Base, based on the principles set out in the Quoting Policy, whereby these rules may differ depending on the Fixing Tenor for which the Committed Quote is determined.