



Supervisory Stimulus Package for Security and Development to support the capital market

Ladies and gentlemen,

The capital market plays an important role in the economy by financing the development of Polish businesses and by building up the domestic long-term savings. The Polish Financial Supervision Authority, in response to the situation caused by the spread of the SARS-CoV-2 coronavirus, that financial markets across the world are faced with, believes it is particularly necessary to ensure the orderly functioning of the markets, including security, compliance with the principles of fair trading, and investor protection. With that in mind, the UKNF has prepared a package of proposals for supervised entities to make it easier for them to operate in the current market environment.

The list of the initiatives is non-exhaustive and their components will be implemented depending on how the situation unfolds. Most of them require close cooperation between the UKNF and the Ministry of Finance, the National Bank of Poland, and the Polish Agency of Audit Supervision. As part of those measures, the UKNF is also engaged in a dialogue with the Polish Chamber of Brokerage Houses, the Chamber of Fund and Asset Management, and the Depository Banks Council. We are committed to working together and to take actions to put the proposed arrangements into practice.

In our opinion, the proposed arrangements will reduce the regulatory burden for supervised entities, and thus will allow them to respond properly to their challenges and will support them in maintaining a vital role in the financing of the economy.

Given the wide range of the proposed measures, we are also open to further suggestions or/and requests from market participants. We are ready to discuss with market participants any initiatives put forward to us, aimed at minimising the impact of the COVID-19 pandemic on capital market entities.

A handwritten signature in blue ink, appearing to be 'RM', is positioned above the name of the Deputy Chair of the KNF Board.

Rafał Mikusiński
Deputy Chair of the KNF Board
Capital Market Supervision



OBJECTIVE: to ensure continuous access to liquidity

The UKNF will be addressing the breaches of investment limits by investment funds on a case-by-case basis, adapting the supervisory response to the current situation in the market.

The UKNF is actively involved in developing and launching tools that will support the investment funds liquidity in the area of sovereign local debt instruments.



OBJECTIVE: to enable compliance with regulatory reporting requirements by extending reporting deadlines

The UKNF's legislative proposals include the extension of, among others:

The time limits for preparing, approving and publishing annual financial statements and annual consolidated financial statements of KNF-supervised entities.

The time limit for publishing of quarterly reports and consolidated quarterly reports of issuers for the first quarter of the financial year starting on 1 January 2020.

The time limit for holding the Annual General Meeting.

The time limit for approving the remuneration policy.



OBJECTIVE: to facilitate capital raising by companies

The UKNF, in agreement with the Ministry of Finance, will propose a legislative amendment concerning offering memoranda. The amendment will significantly facilitate and speed up the process of preparation and review of offering documents required to raise capital by issuers.

**OBJECTIVE: to enable focus on customer service and key processes****Pragmatic approach to certain supervisory activities:**

As regards day-to-day reporting, the UKNF will review the supervisory processes to minimise the obligations of supervised entities; the UKNF is also aware that it may be necessary to agree to postpone the fulfilment of such obligations.

The UKNF will postpone the scheduled non-reporting activities (e.g. surveys, requests for information).

In case of breaches of capital adequacy standards, including limits on large exposures, when undertaking appropriate supervisory activities, the UKNF will take into consideration the impact of the COVID-19 pandemic.

The UKNF will update the inspection schedule (verification of inspection activities to be carried out in the nearest future), taking into account supervisory objectives accordingly.

The UKNF will adopt a pragmatic approach to the postponement of various supervisory deadlines, e.g. the deadlines for the implementation of post-inspection recommendations, also in relation to the initial deadlines.

The UKNF's annual supervisory assessments to be carried out in 2020 will be based on simplified ratings and will take into account the extraordinary circumstances related to the COVID-19 epidemic.

The UKNF will extend, for six months, the deadline for brokerage houses to adapt to the EBA Guidelines on outsourcing.

As an additional measure, for the purpose of communication with supervised entities, the UKNF will further expand the use of electronic channels, mainly the PORTAL system, the e-PUAP system, and e-mail.