



Regulatory Framework and Approach

- The National Bank of Poland regulates exchange rate policy and is also responsible for implementing monetary policy (<http://www.nbp.pl>).
- The key policy rate of the NBP is the 7-day reference rate. The MPC also sets the Lombard rate, the rediscount rate and the NBP deposit rate. The NBP uses a combination of open market operations, reserve requirements and credit deposit operations to influence short-term market rates. The NBP conducts open market operations through the issuance of 7-day T-bills on Fridays; the minimum yield is set at the reference rate. The Lombard and deposit rates are respectively the maximum cost of securing funds from the NBP and the interest rate on deposits at the NBP; they, therefore, set the ceiling and floor for overnight market rates.
- The Polish zloty is a fully accessible, fully convertible currency.

PLN products

FX spot

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|--------------------|--------------------|
| Avg. ticket size: | EUR 10mn |
| Bid/ask spread: | PLN 0.0015 |
| Avg. daily volume: | EUR 1-1.5bn |
| Ref. source: | ECB fixing <ECB37> |

FX forward/swap

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|--------------------|--|
| Avg. ticket size: | USD 20mn (FX forwards); USD 50mn (FX swap up to 3M), USD 30mn (up to 1Y) |
| Liquid tenors: | <1Y |
| Bid/ask spread: | PLN 0.002 - 0.008 |
| Avg. daily volume: | USD 0.2bn (FX forwards), USD 3.5bn (FX swaps) |

FX options

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|-------------------|----------|
| Avg. ticket size: | EUR 20mn |
| Liquid tenors: | <1Y |
| Bid/ask spread: | 0.4 vol |

IRS + FRA

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|-------------------|---|
| Avg. ticket size: | USD 10k DV01 |
| Liquid tenors: | 1 - 10Y and FRAS out to 9x12 |
| Bid/ask spread: | 2 - 3bps |
| Fixing: | 3M WIBOR for FRA and 1Y; 6M WIBOR for IRS 2Y+ |
| Ref. source: | <WIBOR=> |

Government T-bills and bonds

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|-------------------|--|
| Regulatory: | There are no limits on foreign investment in Polish government t-bills and bonds. Custody and settlement of bonds and T-bills are managed locally through the National Depository for Securities (KDPW). There is a withholding tax of 10% on interest payments. This can be reduced or eliminated through double-taxation treaties. |
| Liquid tenors: | 1 - 10Y |
| Avg. ticket size: | USD 5 - 10mn |
| Bid/ask spread: | 2 - 3bps |