

Warsaw, February 10, 2022

Summary of Public Consultation of MWIG40 and sWIG80

Material Change of Stock Indices Methodology

GPW Benchmark S.A. conducted public consultations of the implementation of the so-called "fast track" entry to the Stock Exchange Indices: mWIG40 and sWIG80 for companies debuting on the WSE Main Market.

The consultation paper ¹was presented to the public on January 21, 2022. The deadline for response was February 6, 2022. This was the third consultation process of material change of the Stock Exchange Indices methodology. The document was submitted to entities using the Stock Exchange Indices in Polish and English via e-mail communication². Information about public consultations was simultaneously made available on the Administrator's website and via social networks.

As the public consultations of the material change of methodology of mWIG40 and sWIG80 Stock Exchange Indices are already completed, GPW Benchmark S.A. ("Administrator") provides a summary of the responses provided by interested parties. The Administrator received five responses, including one from entity being the trading venue.

1. CONSULTATION RESULTS

Question 1: Do you agree with the methodology change resulting in the introduction of the so-called "fast track" for the mWIG40 index (similarly to the procedure for the WIG20 and WIG30 indices)?

Answers:

	No. of replies
Yes	4
No	1
I have no opinion	0

¹ Available here:

https://gpwbenchmark.pl/pub/BENCHMARK/files/PDF/komunikaty/Consultation_paper_mWIG40_sWIG80.pdf

² According to the recommendation of the Supervisory Committee, the communication was also sent to the applying entities, the Association of Individual Investors (SII) and the Chamber of Fund and Asset Management (IZFIA)

Summary of comments

Regarding question 1, the Administrator received four answers supporting the need to implement the so-called "fast track" for the mWIG40 index, among which there was one comment:

- *The introduction of such a method will ensure the consistency of the mWIG40 index not only in relation to the WIG20 and WIG30 indices, but also in relation to the WIG index. The established threshold corresponds to the quotient 1 / number of companies in the index, which is logical and consistent with the threshold established for WIG20.*

In a critical comment of the introduction of the so-called "fast track" the following argument was presented:

- *The solution will have a negative impact on the animator's business.*

The administrator refers to the critical comment in point 2 (below).

Question 2: Do you agree with the methodology change resulting in the introduction of the so-called "fast track" for the sWIG80 index (similarly to the procedure for the WIG20 and WIG30 indices)?

Answers:

	No. of replies
Yes	4
No	1
I have no opinion	0

Summary of comments

Regarding question 2, the Administrator received four answers supporting the need to implement the so-called "fast track" for the sWIG80 index, among which there was one comment:

- *The introduction of such a method will ensure the consistency of the sWIG80 index not only in relation to the WIG20 and WIG30 indices, but also in relation to the WIG index. The established threshold corresponds to the quotient 1 / number of companies in the index, which is logical and consistent with the threshold established for WIG20.*

In a critical comment of the introduction of the so-called "fast track" the following argument was presented:

- *The solution will have a negative impact on the animator's business.*

The administrator refers to the critical comment in point 2 (below).

2. CRITICAL COMMENTS

In response to a critical comment on the introduction of the so-called "fast track" for the mWIG40 and sWIG80 indices, the Administrator recognizes that the introduction of the above-mentioned solutions in the long term is positive for most market participants. The Administrator points out that the "fast track" proposed for mWIG40 and sWIG80 is an identical solution as for WIG20 index and estimates that any difficulties for some entities will be of a temporary nature. The introduction of changes in the Administrator's opinion outweighs the periodic impact on one of the groups of professional entities.

Standardizing the approach to the so-called "fast track" for another 2 indices gathering companies with the highest capitalization is an element of increasing investability in entities which qualify for the above-mentioned indices faster, which also positively affects the capital market. The Administrator perceives the changes as transparency increase of the Index Methodology.

3. ADMINISTRATOR'S DECISION ON CHANGES TO THE METHODOLOGIES

Most of the consultation participants supported the Administrator's proposed changes to the current methodologies, consisting in the introduction of:

- the so-called "fast track" for the mWIG40 index
- the so-called "fast track" for the sWIG80 index

This summary of the results of the consultation procedure and the recommendation for further action in the implementation of material changes were presented by the Management Board to the Supervisory Committee. The Supervisory Committee recommended introducing the proposed changes to the methodologies of the Indices. The obtained opinions and recommendations of the Committee should be considered as sufficient to implement the proposed material changes to the methodologies of mWIG40 and sWIG80 Indices, in accordance with the Administrator's applicable procedure³.

The revised Rules of the GPW Stock Indices Family, taking into account the adopted changes of mWIG40 and sWIG80 methodology, shall enter into force on March 21, 2022, i.e. the first trading day after the annual revision of the Stock Exchange Indices which will be carried out on March 18. As part of the annual revision of the Indices on March 18, the Administrator will take into account the new rules when determining the new compositions of the Index Portfolios.

The summary is made available to entities using Stock Exchange Indices according to the information in the Consultation Paper and made available on the Administrator's website.

³ In accordance with Article 3.11 of the Procedure of the Cyclical Review of Definitions and Methodologies for Stock Exchange Indices, change of the methodology of Stock Exchange Indices, the consultation process, and the suspension and discontinuation of the Stock Exchange Indices provision. This procedure meets the requirements imposed on the Administrator regarding the "transparency of the methodology", referred to in Art. 13 sec. 1 of Regulation 2016/1011 of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts ("BMR")