



## **X-TRADE BROKERS DOM MAKLESKI S.A.**

*(joint stock company with its registered office in Warsaw and address at ul. Ogrodowa 58, 00-876 Warszawa, entered into the Register of Business Entities of the National Court Register under No. 0000217580)*

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### **CURRENT REPORT NO. 40/2017**

Warsaw, 6 December 2017

### **Update of information on the Polish Financial Supervision Authority recommendations regarding the dividend policy of brokerage houses**

Referring to current report No. 24/2017 regarding information on the supervisory assessment (BION) issued for the Company, The Management Board of X-Trade Brokers Dom Maklerski S.A. (the "**Issuer**", "**Company**") hereby announces that on 5 December 2017 the Polish Financial Supervision Authority ("KNF", "Commission") issued its position regarding the dividend policy, among others, brokerage houses in 2018.

The Commission recommends that the dividend in 2018 should only be paid by brokerage houses which meet the following criteria together:

A. dividend in the amount not higher than 75% of the net profit for 2017:

- (i). for entities subject to capital adequacy requirements in accordance with Regulation 575/2013 as at 31 December 2017:
  - ratio common equity Tier I capital was at least 6%;
  - ratio Tier I capital was at least 9%;
  - the total capital ratio was at least 14%;
- (ii). for entities not subject to capital adequacy requirements in accordance with Regulation 575/2013 as at 31 December 2017 ratio being the share of the amount of equity in the total assets is at least 50%;
- (iii). the supervisory assessment granted in the BION process conducted in 2017 is 1 or 2;
- (iv). in 2017, the entity did not violate the regulations regarding capital requirements contained in Regulation No. 575/2013 and the Act on Trading in Financial Instruments (Public Journal of Laws of 2017 item 1768 as amended) and provision regarding large exposure limits.

B. dividend in the amount not higher than 100% of the net profit for 2017:

- (i). fulfills all the criteria listed in the letter A;
- (ii). for entities subject to capital adequacy requirements in accordance with Regulation 575/2013 the criteria referred to in point A(i) are fulfilled at the end of each quarter of 2017;
- (iii). for entities not subject to capital adequacy requirements in accordance with Regulation 575/2013 the criteria referred to in point A(ii) are fulfilled at the end of each quarter of 2017.

In addition, the Commission indicated that brokerage houses should take into account additional capital needs when deciding on the amount of dividend in the perspective of twelve months from the moment of approval of the financial statements for 2017 and pointed out that brokerage houses obliged under applicable law to maintain additional capital requirements increase ratios referred to in A(i) by the amount additional capital requirements.

The Company reminds that according to the information contained in the above mentioned current report, the Company was granted the supervisory rating 3 [2.97], therefore in the Commission's view, the Issuer does not meet the criteria for dividend payment for 2017.

Further, the Issuer explains that the positions of KNF are not binding legal acts, but rather of instructional value, but they can constitute a significant recommendation for statutory bodies of supervised entities.

Legal basis:

*Article 17 paragraph 1 MAR – inside information.*