

1 - TYPES

In cash credit transactions, the collaterals to be given by the brokerage houses to Takasbank can be of the following types:

S Stocks

TB Treasury Bill

GB Government Bond

LG Letter of Guarantee (TRY/FX)

CB Cash Blockage (TRY/FX)

IF Investment Fund Participation Certificates

2 - DEPOSITING, WITHDRAWING AND CHARACTERISTICS

The brokerage houses can submit their requests relating to collateral depositing and withdrawing with transfer instructions. The collateral withdrawing requests from brokerage houses can be executed with the affirmative opinion of Takasbank.

For the services to be provided by Takasbank for the securities in collateral accounts, Takasbank's commission tariff is applied.

In case shares are taken as collaterals, the shares eligible as collateral are limited to the shares in the ISE National Market chosen by Takasbank. Takasbank determines the upper limit for the above mentioned stocks to be eligible as collateral.

The shares taken as collateral are in numbers and its multiples.

The brokerage houses have to submit their transfer requests to Takasbank until **17:00 hrs.** Also the brokerage houses can realize the transfer of the shares as collateral from Takasbank terminals located in their offices. In case the collateral ratio and composition is adequate, withdrawing transactions for shares can be executed from the same screen following Takasbank is approval.

Government Bonds and Treasury Bills: The transfer instructions can be made by the brokerage houses from Takasbank terminals in their offices or via EFT as collateral. The instructions have to be transmitted to Takasbank until 17:00 the latest and the account balances with Takasbank should be sufficient..

The brokerage houses can realize the transfer of the government bonds and treasury bills as collateral from Takasbank terminals located in their offices. In case the collateral ratio and composition is adequate, drawing transactions for government bonds and treasury bills can be executed from the same screen following Takasbank is approval.

Redemption and coupon payment transactions of government bonds and treasury bills are realized in collateral accounts and redemption and coupon payment amounts are transferred to the cash collateral accounts of the members.

In case **letters of guarantee** are used as collateral, contact should be established with the officials of Takasbank Credit Department and Money and Securities Lending Market Departments before getting the letter of guarantee and confirmation should be obtained, whether the bank giving the letter guarantee, has an available limit with Takasbank. In addition to this, , after obtaining written confirmation from the Head Office of the bank giving the letter of guarantee, the letter of guarantee is accepted as collateral.

The letters of guarantee accepted as collateral have to be definite.

The letters of guarantee, given by the banks of the same Group or Holding to each other and the letters of guarantee taken by the brokerage houses from the banks of their own Group or Holding, are not accepted as collateral.

The brokerage houses cannot realize the transfers of the letters of guarantee given as collateral from Takasbank terminal located in their own offices.

Cash collateral can be denominated in TRY, USD or EURO. The brokerage houses have to deliver transfer instructions, either in cash or made from their 11 accounts as collateral until 14:30 the latest.

The brokerage houses cannot realize the transfers of the cash, given as collateral from Takasbank terminal located in their own offices.

In case **investment fund participation certificates** are given as collateral, the brokerage houses have to transmit their transfer instructions in written form to Takasbank until 17:00 the latest.

The brokerage houses can not give the investment fund participation certificates of which they are either founders or managers as collateral.

The brokerage houses can realize the transfer of the investment fund participation certificates as collateral from Takasbank terminals located in their offices. In case the collateral ratio and composition is adequate, drawing transactions for investment fund participation certificates can be executed from the same screen following Takasbank's approval.

3 - REPLACEMENT AND RETURN

If deemed appropriate by Takasbank, the brokerage houses can replace the given collaterals either from Takasbank terminals located in their offices (stocks, government bonds, treasury bills and investment fund participations certificates) or by giving an instruction to Takasbank. Takasbank can also request the replacement of the collaterals if it deems necessary.

All collaterals with maturity have to be replaced 5 days prior to their maturity dates.

The brokerage house is required to replace the collaterals on the day Collateral Replacement Call is made until 17:00. Otherwise, all cash credits of the brokerage house become payable and default provisions are applied.

The brokerage houses can also ask the transfer of the securities except stocks and investment funds given as credit collateral to Takasbank Money Market collateral depot. If deemed appropriate Takasbank, intra-depot transfer transaction is realized.

The stock collateral withdrawing requests of the brokerage houses given after 16:00, do not prevent the collateral defaults on that day.

4 - VALUATION

Takasbank makes the valuation of the collateral at the end of every day within the maturity as follows:

- a) Stocks; with the weighted average price formed in the last session on the day the valuation is made; if there was no trading, again with the arithmetic mean of best buy and sell orders of the last session,
- b) Government bonds and treasury bills; with “Current Rates for Bonds” determined in the ISE (Bonds and Bills Market) on the valuation day,
- c) FX cash amounts and FX letter of guarantee; with foreign currency buying rates announced by CBT on the valuation day for the next day,
- d) Investment fund participation certificates; with the prices announced on the valuation day.

5 - RIGHTS ARISING FROM COLLATERALS

The stocks and dividend payments resulting from the bonus issues of the stocks given as collateral by the brokerage houses are transferred to the collateral account of the member. If there is subscription right; the member can use its subscription right arising from the collateral after transferring (number of coupons) to the free sub-account (withdrawal of collateral) by depositing its price.

6 - MARGINS AND MARGIN CALL

- a) In case the brokerage houses want to give only stocks as collateral, they have to deliver stocks equaling to %150 of the risk (with %50 margin). In cash credits, one class of stock taken as collateral can not exceed % 50 of Takasbank is cash credit risk. Due to collateral valuation made every day, if the total stock collateral falls below % 140 (% 40 margin) of total cash credit risk, Takasbank makes a Margin Call to the brokerage houses and asks them to complete their collaterals to the initial collateral margin.
- b) In case the brokerage houses want to give collaterals other than stocks (GB/TB/L/G/CASH/IF), they have to deliver collaterals equaling to %115 of the risk

(with % 15 margin). Due to collateral valuation made every day, if the total other collateral falls below %105 (% 5 margin) of total cash credit risk, Takasbank makes a Margin Call to the brokerage houses and asks them to complete their collaterals to the initial collateral margin.

The brokerage houses are required to deposit the additional collateral on the day the Margin Call is made until 17:00. Otherwise, all cash credits of the brokerage house become payable and default provisions are applied.