

Istanbul, 25/03/2016

General Letter: 1275
Central Counterparty Department

Subject: Declaration of Takasbank as Qualified Central Counterparty by Capital Markets Board
Related Parties: Brokerage Firms, Banks

Dear General Manager,

As known, "The Calculation of Capital Requirement for Risks Arising from Central Counterparties" has been regulated by Banking Regulation and Supervision Agency (BRSA) specifically under the Annex 4 of the Communiqué on Measurement and Assessment of Banks' Capital Adequacy enacted on 31.03.2016, and prepared as part of harmonization of our country's banking regulation with Basel 3 regulations. In the Communiqué, to accept the transactions executed by the Central Counterparty as "qualified";

- a) The CCP has to be authorized by the Capital Markets Board (CMB) or by a CMB equivalent non-domiciled authority, to render clearing services,
- b) The declaration of the CCP in full compliance with "Principles for Financial Market Infrastructures" (PFMI), published by CPMI and IOSCO, by CMB or equivalent audit authority.

Capital Markets Board has declared in its 24.03.2016 dated announcement that the activities of Takasbank, who operates in Turkish financial markets as CCP, is compliant with the CPMI-IOSCO Principles for Financial Market Infrastructures and that Takasbank is treated as qualified CCP.

Under this framework, in calculating capital requirement for the risks arising from Takasbank's CCP transactions, the methods and values in the Communiqué related to qualified transactions may be utilized. Some parameters used in the capital adequacy calculations by banks shall be calculated by Takasbank and notified to BRSA and the banks, in addition shall be announced via our corporate website.

On the other hand, the declaration of Takasbank as qualified CCP by Capital Markets Board, is an important step taken on behalf of our country from both the aspect of third countries' CCP institutions offering EU institutions central counterparty service, and enforcing recognition of third country CCP institutions by European Securities and Financials Authority (ESMA), which is imposed as a prerequisite for EU banks to benefit from Basel 3 "Qualified CCP" regulations for third country CCP risks. The preparations towards application for recognition of Takasbank by ESMA have been almost completed. However the post-application process is largely carried out by ESMA and country authorities related to the EU Commission. Therefore, timing wise, the ESMA application shall be delivered as soon as possible, following Capital Market Board's consent.

Sincerely yours,

TAKASBANK
ISTANBUL CLEARING, SETTLEMENT AND CUSTODY BANK
INC.

M.Ayhan ALTINTAS
Director

Murat ULUS
General Manager
Board Member