

İstanbul, 24/07/2017



General Letter: 1364
Central Counterparty Department

Subject: The values that the banks will use in calculating the capital adequacy ratio for the risks related to the qualified transactions with the Central Counterparties

Concerned: Brokerage Houses
Banks

Dear CEO,

Our Bank, having obtained the status of 'Central Clearing House' based on the Transitional Article 8 of the Capital Markets Law numbered 6362 as it is known, has been granted by the Capital Markets Board under Article 78 of the same Law, as "*Central Counter Party*" at Borsa İstanbul Istanbul Futures and Options Market (FOM), Takasbank Securities Lending Market (SLM) and Borsa İstanbul Istanbul Money Market (BIAS MM). Takasbank has been offering central counter party service for the orders matched at SLM since 02/09/2013, at FOM since 03/03/2014 and at BIAS MM since 14/10/2016

On the other hand, in Annex 4 of the Regulation on the Measurement and Assessment of the Capital Adequacy of Banks, published in the Official Gazette on October 23, 2015 and to enter into force on 31 March 2016, the Banking Regulation and Supervision Agency determined data required to calculate the capital requirement for the risks arising from CCPs, related reporting processes and the criteria for the transactions against CCPs that must be fulfilled in order to be accepted as "qualified".

In Turkey, Takasbank, along with its CCP rules and operations, has been declared by Capital Market Board on 23/03/2016 as "qualified CCP" complying with CCP related legislation and Principles for Financial Market Infrastructures issued by CPMI-IOSCO. This declaration was announced to the public on the same day. In the letter dated 28/03/2016 and addressed to our bank it was stated that Takasbank was a "qualified CCP" in the framework of Basel 3 of the BIS (Bank for International Settlements). In letter, CMD was in the opinion that exposure of banks in Turkey against Takasbank to be regarded as 'qualified transaction' within the framework of Annex 4 of the Banking Regulation and Supervision Agency regulation on capital requirement and this opinion was already notified to the BRSA in the letter dated 25/03/2016 and numbered 3558.

In this context, Annex 1, Annex 2 and Annex 3 are to be attached to this letter in order that banks located in Turkey could calculate their "qualified transactions" at Borsa İstanbul Istanbul Futures and Options Market, Takasbank Securities Lending Market and Borsa İstanbul Money Market

within the framework of Annex 4 of the Regulation on Measurement and Assessment of Banks' Capital Adequacy. Annexes attached are also in compliant with BIS Basel 3 regulations and may be used in solo or consolidated capital requirements calculations by banks headquartered at abroad if the supervisory authorities of the countries where they are established directly accept the "Qualified CCP" announcement of the other third country supervisory authorities.

The calculations are based on market data as of 30/06/2017. If no extraordinary developments occur, the next calculation is planned to be made on the last business day of September 2017.

We ask for your kind information.

Respectfully,

TAKASBANK
ISTANBUL CLEARING AND CUSTODY BANK INC

A. Burak AKAN
Director

Mahmut KAYACIK
CEO
Board Member

Annex 1: Futures and Options Market

Reporting currency (ISO code)	TRY
Unit (1, 1000, 1000000)	1

Key Summary Statistics

DFCCP, CCP's prefunded own resources	57,425,000 TL
DFCM, Prefunded default fund from all members	146,086,490 TL
DF', Total prefunded default fund contributions	199,509,120 TL
N, number of clearing members	71
KCCP, hypothetical capital requirement	0
Average DFi'	2,001,185 TL
K*CM, aggregate capital requirement for all members	227,335 TL
Beta in allocation formula	0.4248
Allocation scale for C-factor	By DFI
C-factor, RW used to calculate each CM capital requirement	0.224%

Annex 2: Securities Lending Market

Reporting currency (ISO code)	TRY
Unit (1, 1000, 1000000)	1

Key Summary Statistics

DFCCP, CCP's prefunded own resources	2,824,000 TL
DFCM, Prefunded default fund from all members	3,681,000 TL
DF', Total prefunded default fund contributions	6,360,647 TL
N, number of clearing members	51
KCCP, hypothetical capital requirement	0
Average DFi'	72,176 TL
K*CM, aggregate capital requirement for all members	5,659 TL
Beta in allocation formula	0.3119
Allocation scale for C-factor	By DFI
C-factor, RW used to calculate each CM capital requirement	0.204%

Annex 3: BIAS Money Market

Reporting currency (ISO code)	TRY
Unit (1, 1000, 1000000)	1

Key Summary Statistics

DFCCP, CCP's prefunded own resources	957,000 TL
DFCM, Prefunded default fund from all members	5,120,000 TL
DF', Total prefunded default fund contributions	5,757,000 TL
N, number of clearing members	32
KCCP, hypothetical capital requirement	0
Average DFi	160,000 TL
K*CM, aggregate capital requirement for all members	7,680 TL
Beta in allocation formula	0.9521
Allocation scale for C-factor	By DFI
C-factor, RW used to calculate each CM capital requirement	0.302%