

General Letter: 1403

Istanbul, 06/02/2018

DERIVATIVES AND ENERGY-COMMODITY
CLEARING AND SETTLEMENT DEPARTMENT

Subject: Amendment to the Borsa Istanbul Derivatives Market CCP Service Procedure
Related: Brokerage Firms, Banks

Dear General Manager,

Amendment that have been made in "Procedure On Central Counterparty Service To Be Provided By Istanbul Settlement And Custody Bank Inc.To Borsa Istanbul Inc. Futures And Options Market And The Clearing And Settlement Principles Regarding This Service" will take effect on 02/07/2018.

Changes has been stated at annex. Updated Procedure is accessible at our corporate web site at "Rules&Regulations/Procedures" heading.

(<https://www.takasbank.com.tr/en/rules-and-regulations/procedures>).

Respectfully submitted for your information and further action.

Sincerely Yours,

TAKASBANK
ISTANBUL SETTLEMENT AND CUSTODY BANK INC.

Gökhan ELİBOL
Executive Vice President

Mahmut KAYACIK
CEO
Board Member

Annex: Table of Amendments

Annex: Procedure Change Comparison Table

Current	New																		
<p>Account Transfer ARTICLE 18 (6) Profit and loss calculations for those accounts subject to transfer are done at the transferring member side at the transfer date. Following days, this calculation will be done at the accounts of the taking over member side.</p>	<p>Account Transfer ARTICLE 18 (6) Net interest amounts for those margin collaterals subject to transfer belong to transferring member if it is made after Interest Accrual Cut-off Time; those belong to transferred member if it is made before .</p>																		
<p>Risk limits ARTICLE 32 (8)The margin requirements must be covered by the assets owned by the Member or on which the Member has the power of disposition</p>	<p>Risk limits ARTICLE 32 (8) Assets that will be accepted as margin collateral for the extra margin account and group limits to be applied to those assets for the collateral valuation are given below.The margin requirements must be covered by the assets owned by the Member or on which the Member has the power of disposition.</p> <table border="1" data-bbox="1096 730 1726 1260"> <thead> <tr> <th data-bbox="1096 730 1499 824">Assets accepted as margin collateral for extra margin account</th> <th data-bbox="1499 730 1726 824">Group Limits</th> </tr> </thead> <tbody> <tr> <td data-bbox="1096 824 1499 868">Turkish Lira</td> <td data-bbox="1499 824 1726 868">Max %100</td> </tr> <tr> <td data-bbox="1096 868 1499 912">Foreign Currency (USD or EUR)</td> <td data-bbox="1499 868 1726 912">Max %100</td> </tr> <tr> <td data-bbox="1096 912 1499 956">Government Domestic Debt Securities</td> <td data-bbox="1499 912 1726 956">Max %100</td> </tr> <tr> <td data-bbox="1096 956 1499 1040">Lease certificates issued by the Republic of Turkey Undersecretariat of Treasury, Asset Leasing Company</td> <td data-bbox="1499 956 1726 1040">Max %100</td> </tr> <tr> <td data-bbox="1096 1040 1499 1084">Stocks (from BIST-100)</td> <td data-bbox="1499 1040 1726 1084">Max %100</td> </tr> <tr> <td data-bbox="1096 1084 1499 1141">Mutual Fund Participation Cert. (Stock intense)</td> <td data-bbox="1499 1084 1726 1141">Max %100</td> </tr> <tr> <td data-bbox="1096 1141 1499 1198">Mutual Fund Participation Cert. (Other)</td> <td data-bbox="1499 1141 1726 1198">Max %100</td> </tr> <tr> <td data-bbox="1096 1198 1499 1260">Gold at Stock Exchange Trading Standards</td> <td data-bbox="1499 1198 1726 1260">Max %100</td> </tr> </tbody> </table>	Assets accepted as margin collateral for extra margin account	Group Limits	Turkish Lira	Max %100	Foreign Currency (USD or EUR)	Max %100	Government Domestic Debt Securities	Max %100	Lease certificates issued by the Republic of Turkey Undersecretariat of Treasury, Asset Leasing Company	Max %100	Stocks (from BIST-100)	Max %100	Mutual Fund Participation Cert. (Stock intense)	Max %100	Mutual Fund Participation Cert. (Other)	Max %100	Gold at Stock Exchange Trading Standards	Max %100
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<p>Assets that could be accepted as transaction collateral ARTICLE 44</p>	<p>Assets that could be accepted as transaction collateral ARTICLE 44 (6) Out of the assets accepted as collateral, those defined to BISTECH system are monitored through the Applicable Collateral Report included within the integration scope. Should the assets not included</p>																		

in this report be intended to be given as collateral, a notification must be made at least one business day before to Takasbank to enable the relevant asset to be defined in the system. The responsibility for monitoring shall belong to the member.

Updating the transaction collateral values

ARTICLE 46

Valuation	Valuation Criteria	Explanation
Gold at Stock Exchange Trading Standards	<p>Intraday: Stock exchange KMTMP last price traded.</p> <p>End of Day: Borsa KMTMP end-of-day bulletin price.</p>	The last priced traded at Borsa Precious Mines and Stones Market (KMTMP) before risk calculation instant.

Updating the transaction collateral values

ARTICLE 46

Valuation	Valuation Criteria	Explanation
Exchange traded gold	<p>Intraday: The final transaction price at BİAŞ PMD right before any risk calculation batch</p> <p>End of Day: Price published by BİAŞ PMD as end of day</p>	It is valued at USD / ONS price for T + 0 valued transactions in Precious Metals and Stones Market and at the price calculated by using the foreign exchange buying rate of TCMB at the end of the previous day. If the there is no transaction, the theoretical price can be used as the weighted average price of the previous session.

Collateral deposit or withdrawal operations

ARTICLE 49

(7) Transaction collateral deposit and withdrawal cutoff times are as follows.

Collateral Type	Transaction	On Account	Physical delivery	Instruction Cutoff Times	Remarks
TL	Deposit Withdrawal	17:30 15:40	14:00	14:00	Cash TL: Collateral Deposit Cutoff Time
Foreign Currency	Deposit Withdrawal	17:30 17:00	N/A N/A	15:00	For USD: Citibank NY 3689225 8 For EUR: Citibank FF

Collateral deposit or withdrawal operations

ARTICLE 49

(7)The correspondence banks information which is necessary for withdrawal of foreign currency is as follows.

Currency Code	Correspondence Bank	Correspondence Bank SWIFT/BIC	Correspondence Bank Account Number
EUR	Citigroup Global Markets Deutschland AG, Frankfurt am Main	CITIDEFFXXX	4115556024
USD	Citibank NA, New York	CITIUS33XXX	36892258

					411/5556 /024
Government Domestic Debt Securities	Deposit Withdrawal	17:30 17:30	N/A N/A		
Stock and Exchange Traded Mutual Fund	Deposit Withdrawal	17:30 17:30	N/A N/A		
Mutual Fund Participation Certificate	Deposit Withdrawal	17:30 17:30	N/A N/A		

**Guarantee fund size and Member contribution share amount
ARTICLE 54**

(1) The size of the Guarantee Fund cannot be less than the larger of resource requirement that shall arise under stress conditions in the default event of the Member with the largest margin requirement along with the second and third. The resource requirement consists of the portion of their risks that remains outside the part that may be covered with initial margin, and calculated by adding the variation margin calculated under stress conditions. In estimating risk under stress conditions with statistical method, respectively, 99.9% confidence levels and between 2 and 5 business days holding period is used. Takasbank may set the minimum guarantee fund requirement larger than statistically calculated obligation by monitoring market conditions, margin concentrations and adequacy level of default management resources.

**Guarantee fund size and Member contribution share amount
ARTICLE 54**

(1)The size of the Guarantee Fund cannot be less than the larger of resource requirement that shall arise under stress conditions in the default event of the Members with the largest open position along with the second and third. The resource requirement consists of the portion of their risks that remains outside the part that may be covered with initial margin, and calculated by adding the variation margin calculated under stress conditions. In estimating risk under stress conditions with statistical method, respectively, 99.9% confidence levels and between 2 and 5 business days holding period is used. Takasbank may set the minimum guarantee fund requirement larger than statistically calculated obligation by monitoring market conditions, margin concentrations and adequacy level of default management resources.

