

İstanbul, 08/06/2017

Genel Mektup: 1357
Derivatives Clearing & Settlement Team

Subject: Amendment to the Borsa Istanbul Derivatives Market CCP Service Procedure

Related Members : Brokerage Firms, Banks

Dear General Manager,

Common arrangements related to member-based risk limits, due to the fact that the Central Counterparty Service (CCP) given in Borsa Istanbul Inc. Futures and Options Market (ViOP) will also be provided in the Equity Market, has been updated in 32nd Article entitled "Risk Limits" in the ViOP MKT Procedure. Changes has been stated at annex.

The change will take effect when Equity Market CCP Service is activated.

Sincerely Yours,

TAKASBANK
ISTANBUL SETTLEMENT AND CUSTODY BANK INC.

Gökhan Elibol
Executive Vice President

Mahmut Kayacık
CEO
Board Member

Annex: Table of Amendments

CURRENT	AMENDED
<p>Risk limits ARTICLE 32 - (1) Takasbank allocates specific risk limits to the Members based upon their financial capabilities. The risk limits are determined on the basis of the margin requirement values in relation to the positions held by the Members. (2) The risk limit allocated to each particular Member belongs exclusively to that Member and shall be notified by Takasbank to the relevant Member. (3) The total margin requirement arising as a result of all positions taken by the Member for itself and its customers exceeds its risk limit or not; shall be controlled at least two times a day. (4) When a Member exceeds its risk limit, the amount exceeding the limit shall be multiplied gradually by the coefficients specified in the sixth paragraph of this article and the total amount obtained thereof shall be added to the Member’s margin requirement that should be maintained in its portfolio account. A margin call shall be electronically made to the Member whose portfolio account collateral amount fall below the maintenance level by the collateral requirement added thereof. All accounts of the Member who fails to provide the additional margin within 1 hour following the margin call shall be changed to “risky” status. (5) If the limits exceed 300%, all accounts of the Member shall be changed to “risky” status irrespective of whether their collateral balances are sufficient or not. All existing passive orders of the accounts changed to risky status shall be cancelled automatically in the Exchange trading system. The accounts can be taken out of such risky status by depositing collateral and/or executing transactions</p>	<p>Risk limits ARTICLE 32 - (1) For the markets in which CCP service is provided Takasbank assigns risk limits to the Members to the extent of their financial capabilities. Risk limits are determined over the required margin amounts, the key for risk limit calculation in relation to the positions carried by the Members in the markets where CCP service is provided (2) Risk limits are determined separately for each market which CCP service is provided. Monitoring of limit is executed based on total amount in BISTECH System. (3) The risk limit allocated to each particular Member belongs exclusively to that Member and shall be notified by Takasbank to the relevant Member. (4) It is checked at intraday risk calculation batches whether the amount of required margin, the key in calculating risk limits arising from all positions that the member has taken on his/her own and his/her clients’ behalf in the markets where CCP service is provided, exceeds the risk limit. (5) If the member exceeds his/her risk limit, the excess amount is multiplied incrementally by the coefficients specified in paragraph 7 of this Article, and the calculated total amount is reflected onto the “extra trade margin” account, where the obligations arising from the exceedings related to the Member’s risk limits, are followed. An electronic margin call is issued to the Member who is in short of margin in the extra trade margin account. If the Member does not fulfil its extra trade margin requirement until 15:00 on the business day following the margin call, default provisions are applied.</p>

that increase neither the risk rate nor the collateral value required to be maintained. No collateral can be withdrawn from the risky accounts.

(6) The ratio of total margin requirement in all accounts of a Member to the risk limit of such Member, and the coefficients corresponding to the relevant ratios are given below. The total additional collateral amount to be requested as a result of limit overruns shall be calculated by multiplying the amounts that fall into each range with the coefficients exclusively determined for that range.

Initial Margin / Risk Limit	Coefficient
%100 < ratio ≤ %130	0,2
%131 < ratio ≤ %150	0,3
%151 < ratio	1,0

(7) The additional margin to be calculated within the scope of this article shall be deposited by the Member by choosing among the asset types mentioned in article 44 and 45 that could be used as collateral. The margin requirements must be covered by the assets owned by the Member or on which the Member has the power of disposition.

(6) If the limits exceed 300%, without checking if the margin balances are sufficient or not, the Member is prevented from routing orders through any of his/her accounts. All standing orders on the accounts blocked from routing orders, are automatically cancelled on BISTECH operation system. If the amount of required margin, the key for risk limit calculation, falls below 300% level, order routing is allowed again.

(7) The ratio of total margin requirement in all accounts of a Member to the risk limit of that Member, and the coefficients corresponding to the relevant ratio are given below. The total additional collateral amount to be requested as a result of limit overruns shall be calculated by multiplying the amounts that fall into each range with the coefficients exclusively determined for that range.

Initial Margin / Risk Limit Ratio	Coefficient
%100 < ratio ≤ %130	0,2
%131 < ratio ≤ %150	0,3
%151 < ratio	1,0

(8) The margin requirements must be covered by the assets owned by the Member or on which the Member has the power of disposition.