# Takas İstanbul

**Derivatives Cross Margining Function**

# PRESENTATION FLOW

It is the evaluation of short positions arising from futures or call options together with the offset margin given and the calculation of the initial margin by netting.

Underlying assets subject to netting: Cash Equity

| AEFES | CCOLA | FROTO | ISCTR | KOZAL | PETKM | SOKM | TRGYO | VAKBN |
|-------|-------|-------|-------|-------|-------|------|-------|-------|
| TCELL | DOHOL | GARAN | ISFIN | KRDMD | PGSUS | TAVHL | TSKB | VESTL |
| ALKIM | ECILC | GUBRF | ISGYO | MGROS | SAHOL | TCELL | TTKOM | YKBNK |
| ARCLK | EKGYO | HALKB | KARSN | MPARK | SASA | THYAO | TUPRS | |
| ASELS | ENJSA | HEKTS | KCHOL | ODAS | SISE | TKFEN | TURSG | |
| BIMAS | EREGL | IPEKE | KOZAA | OYAKC | SKBNK | TOASO | ULKER | |

# Cross Margining Function

**INITIAL MARGIN**

PSR*POSITION=190*10=1900 TL

- 10 SHORT F_TCELL1121 POSITION

**OFFSET COLLATERAL**

1000 TCELL= 10 LONG TCELL FUTURE POSITION

- DEPOSIT 1000 TCELL TO OFFSET COLLATERAL ACCOUNT

**INITIAL MARGIN**

190*0=0 TL

- THANKS TO OFFSET COLLATERAL, 10 SHORT F_TCELL1121 MARGIN BECOME 0

**EXAMPLE 1:**

Assuming that the cross margining function **is not used** and there is no price change in the contracts, X member sells 10 F_TCELL1121 contracts and 10 O_TCELLE1121C15.50 contracts. Let's assume that the member deposits 1,500 TCELL equities as **collateral**.

- ❑ F_TCELL1121 Initial Margin=190 TL
- ❑ O_TCELLE1121C15.50 Initial Margin=170 TL
- ❑ TCELL Price=15 TL
- ❑ Haircut for Equities in BİST30 Index=%85
- ❑ Group Limit for Equities in BİST100 Index=%50
- ❑ Lower Group Limit for Equities in BİST100 Index=%75

# Cross Margining Function

**Risk amount to occur as a result of selling 10 position of F_TCELL1121**

TCELL Future Position * TCELL Future Initial Margin=10*190=**1.900 TL**

**Risk amount to occur as a result of selling 10 position of O_TCELLE1121C15.50**

TCELL Option Position * TCELL Option Initial Margin=10*170=**1.700 TL**

**Since there is a 50% cash requirement at VIOP, the account must keep 50% of the risk amount as a minimum cash collateral.**

3.600*0,5=**1.800 TL**

# Cross Margining Function

**Collateral value resulting from depositing 1,500 TCELL equities as collateral**

TCELL Price*Haircut*Group Limit*Lower Group Limit=15*1.500*0,85*0,5*0,75=**7.172 TL**

**Total Surplus/Deficit**

Total Collateral– Total Margin= 7.172-3.600=**3.572 TL**

**Cash Surplus/Deficit**

Total Cash Collateral–Minimum Cash Requirement = 0-1800=**-1.800 TL**

**EXAMPLE 2:**

Assuming that the cross margining function **is used** and there is no price change in the contracts, X member sells 10 F_TCELL1121 contracts and 10 O_TCELLE1121C15.50 contracts. Let's assume that the member deposits 1,500 TCELL equities as **offset collateral**.

The contract sizes of TCELL futures and options are equal to 100 TCELL equities. The cross margining function nets the contracts that come first in alphabetical order. So, contract F_TCELL1121 will be netted before contract O_TCELLE1121C15.50.

❑ F_TCELL1121 Initial Margin=190 TL
❑ O_TCELLE1121C15.50 Initial Margin=170 TL
❑ TCELL Price=15 TL
❑ Haircut for Equities in BİST30 Index=%85
❑ Group Limit for Equities in BİST100 Index=%50
❑ Lower Group Limit for Equities in BİST100 Index=%75

## Cross Margining Function

**Risk amount to occur as a result of selling 0 position of F_TCELL1121**

TCELL Future Position * TCELL Future Initial Margin=0*190=**0 TL**

(1000 of 1500 offset TCELL equities net 10 future positions.)

**Risk amount to occur as a result of selling 5 position of O_TCELLE1121C15.50***

TCELL Option Position * TCELL Option Initial Margin=5*170=**850 TL**

(All of the remaining 500 offset TCELL equities net 5 option positions.)

**Since there is a 50% cash requirement at VIOP, the account must keep 50% of the risk amount as a minimum cash collateral.**

850*0,5=**425 TL**

*Net option values and premiums will continue to be calculated over the original positions.*

# Cross Margining Function

**Since 1,500 TCELL equities are deposited as offset collateral, they are not included in the collateral valuation.**

**Total Surplus/Deficit**

Total Collateral– Total Margin= 0-850=**-850 TL**

**Cash Surplus/Deficit**

Total Cash Collateral–Minimum Cash Requirement =0-425=**-425 TL**

As seen in the examples, TCELL equities that are not deposited as offset create a cash collateral requirement of 1800 TL in the first example, while the cash collateral deficiency of the account decreased to 425 TL in the second example.

## ADVANTAGES

1.      Increasing collateral management effectiveness.

2.      Increasing depth and efficiency in the Futures and Options Market with the Cross Margining function, which is also frequently seen abroad.

3.      Expanding the investment perspectives of our members by encouraging market participants to trade in both derivatives and cash equity markets rather than only in derivatives.

**ADVANTAGES**

4.     Contributing to the development of our capital markets by providing our members with the opportunity to benefit from international practices and to trade with less collateral requirement.

5.     Increase in trading volume in the medium/long term in equity and derivatives market

# Cross Margining Function

## FOREIGN COUNTRY APPLICATIONS

In foreign country examples, it is called "cross margining" or "covered call" in terms of options.

| INSTITUTIONS | INSTRUMENTS |
|---|---|
| MOSCOW EXCHANGE | BETWEEN EQUITY FUTURE CONTRACTS AND EQUITIES |
| EUREX | BETWEEN IRS AND OIS FUTURE AND OPTION CONTRACTS AND DEBT INSTRUMENTS |
| CME | BETWEEN INTEREST FUTURE CONTRACTS AND AMERICAN TREASURY BONDS |
| ASX | BETWEEN INTEREST AND BONDS FUTURE CONTRACTS AND TREASURE BOND |

## Deposit/Withdraw Offset Collateral



- New options added to existing «Enter Collateral Transaction» Screen: Deposit Offset and Withdraw Offset

- Revision in collateral related reports and webservices

- Margin call obligation can be fullfiled by depositing offset collateral.

## DEPOSIT/WITHDRAW OFFSET COLLATERAL

- In the «Offset Collateral Instructions» screen at Clearing Workstation, the withdrawal instructions of offset collateral at expiry date are automatically created in «pending» state. The member can cancel these instructions until T+1 EOD.
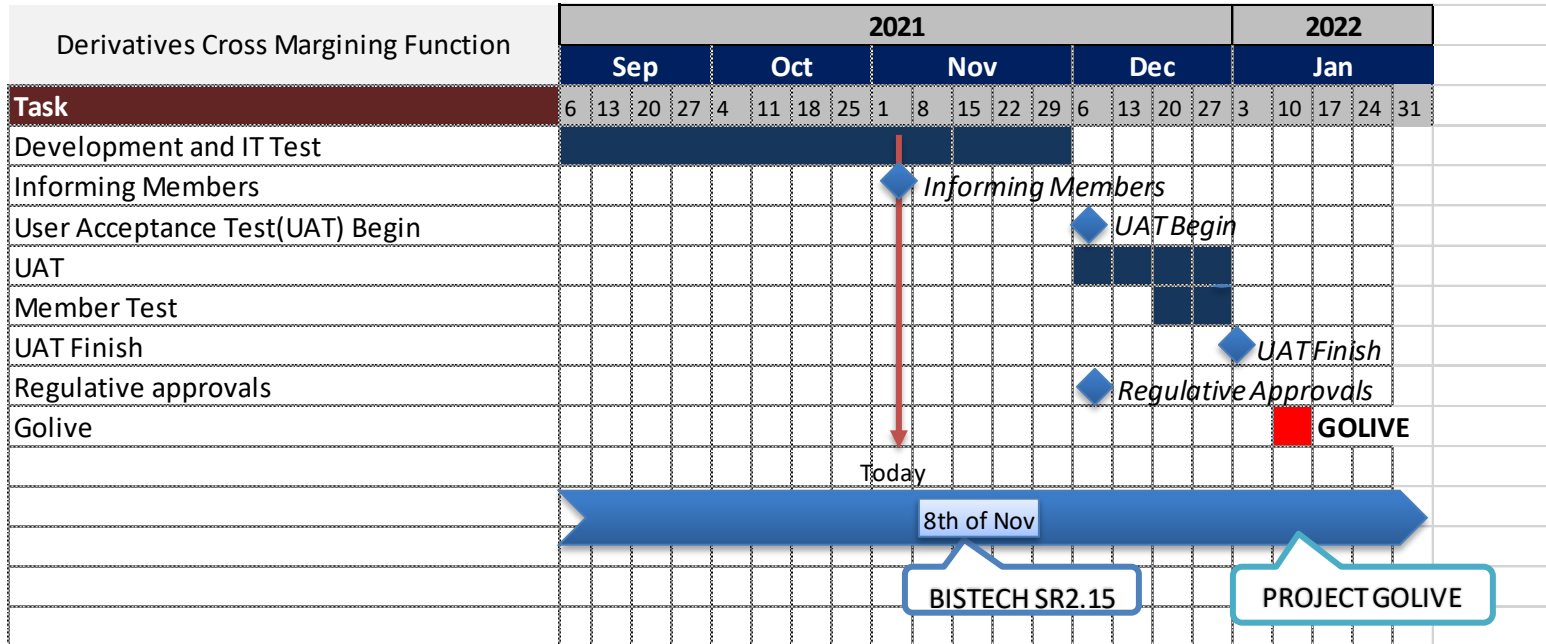
If the instructions are not cancelled;

- By running a morning batch at delivery date, the offset collateral is automatically withdrawn from the relevant account and the status of the instruction is updated as «completed» .

Off-Set Collateral Instructions [IYM_TP_901]

| Collateral Account | | Underlying Series | | From Settlement Date | | To Settlement Date | | From Clearing Date | | To Clearing Date | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| * * *3006* | | * | | 6/ 6/2021 | | 6/15/2021 | | 6/ 6/2021 | | 6/15/2021 | |

| Offset Transaction Number | Collateral Account | Positon Account | Underlying | Settlement Date | Date | OffSet Amount | Underlying Qty | Settled Quantity | State |
|---|---|---|---|---|---|---|---|---|---|
| 7970260223287687685 | BI IYM DE-30069 | BI IYM DE-30069 | AKBNK.COL | 6/9/2021 | 6/7/2021 | 1,300 | 800 | 250 | Completed |
| 8104567451950325765 | BI IYM DE-30061 | BI IYM DE-30061 | GARAN.COL | 6/10/2021 | 6/8/2021 | 120 | 800 | 800 | Completed |
| 8236250030843266565 | BI IYM DE-30069 | BI IYM DE-30069 | AKBNK.COL | 6/11/2021 | 6/9/2021 | 1,300 | 700 | 0 | Pending |

# Cross Margining Function

## CALENDAR

| Derivatives Cross Margining Function | 2021 | | | | 2022 | |
|---|---|---|---|---|---|---|
| | **Sep** | **Oct** | **Nov** | **Dec** | **Jan** | |
| **Task** | 6 13 20 27 | 4 11 18 25 | 1 8 15 22 29 | 6 13 20 27 | 3 10 17 24 31 | |
| Development and IT Test | | | | | | |
| Informing Members | | | ◆ *Informing Members* | | | |
| User Acceptance Test(UAT) Begin | | | | ◆ *UAT Begin* | | |
| UAT | | | | | | |
| Member Test | | | | | | |
| UAT Finish | | | | | ◆ *UAT Finish* | |
| Regulative approvals | | | | ◆ *Regulative Approvals* | | |
| Golive | | | | | 🟥 **GOLIVE** | |

Today

8th of Nov

BISTECH SR2.15    PROJECT GOLIVE

# Thank you

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