

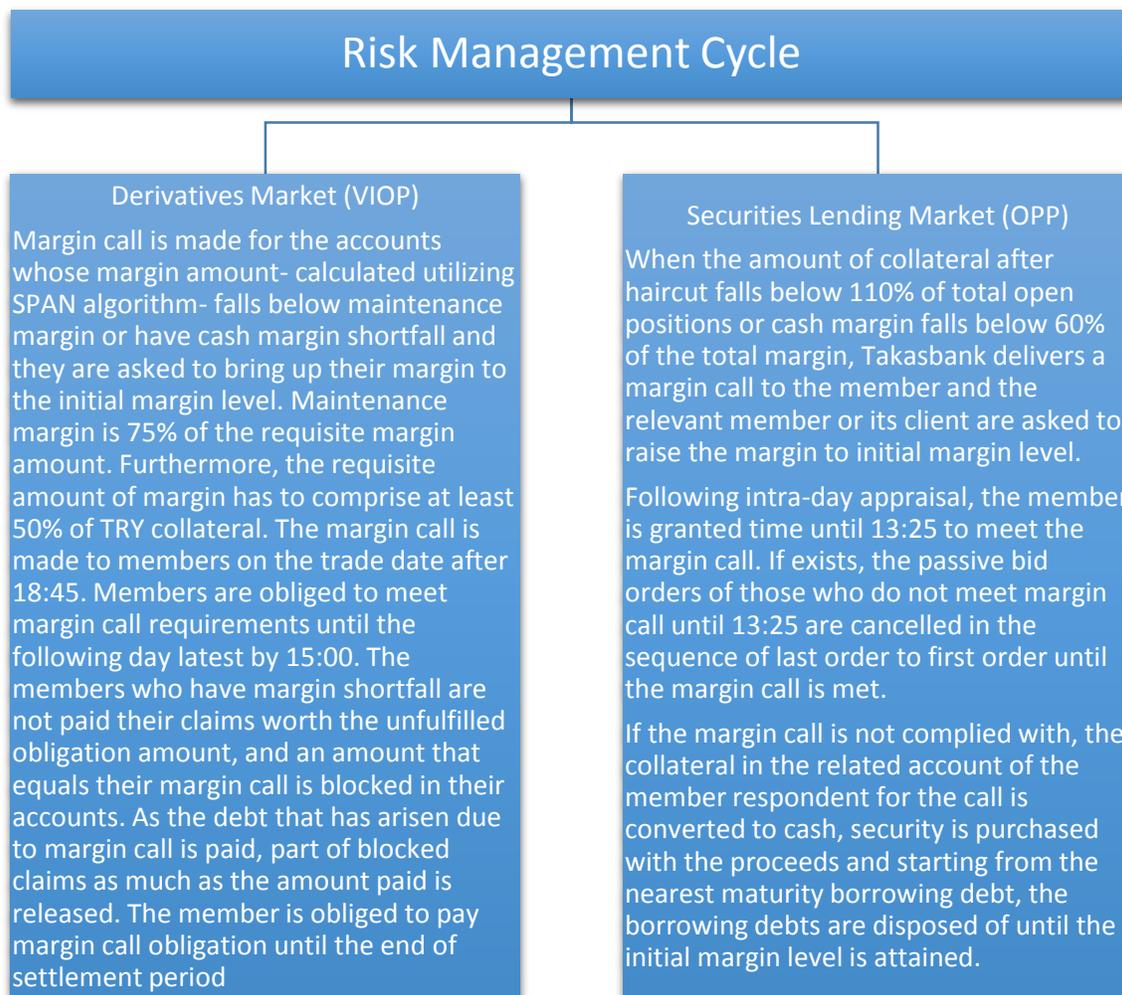
Member Risk Limits and Risk Management Cycle

In the CCP-enabled markets, limit is allocated to members in light of the counterparty's shareholders' equity and/or credit rating and assessment results to limit the members' risk against Takasbank, upon Takasbank General Manager's proposal, by Takasbank Board of Directors or subject to the transferred authority by Credit Committee or General Management. Risk limits may be determined over nominal open position amounts or other indicator values that measure members' risk such as initial margin.

The maximum risk limits that can be allocated to each member in accordance with the credit rating and assessment results are calculated under the framework of Credit Rating and Assessment General Principles Regulation and relevant procedure by Financial Analysis and Risk Monitoring Team.

Member risk limits may be allocated separately for each CCP service-enabled market or common limit may be assigned to one or more markets.

Allocated risk limits are announced to the related members.



In the Derivatives Market some enforcements are applied to the accounts under risk.

The risk ratio is obtained by dividing the maintenance margin to the sum of total margin and temporary profit/loss. If the risk ratio is higher than 100%, the related account is regarded as “risky”.

Four risk levels are determined ranging from riskless to risky, 0, 1, 2 and 3. Risk level 1 or 2 indicates a warning; it only shows that “risky” account status is approaching. Accounts with risk level 3 are in risky account status.

The classification below is used to determine the risk level:

- Risk level 0: Risk Ratio \leq %75
- Risk level 1: %90 \geq Risk Ratio $>$ %75
- Risk level 2: %100 \geq Risk Ratio $>$ %90
- Risk level 3: Risk Ratio $>$ %100

The Member is notified gradually according to the risk level of the accounts and guided to execute risk-reducing transactions.

If there is a change in the risk status of the safekeeping accounts, the stock exchange is notified via Takasbank applications. The risk status of the trading accounts associated with such safekeeping account is updated by the stock exchange.

All the current passive orders pertaining to the risky account are automatically cancelled on the stock exchange’s trade platform. The account may exit the risky status by depositing collateral and/or executing trade, which shall not increase the risk ratio or the requisite collateral amount. Collateral cannot be withdrawn from risky accounts.

The accounts which received margin call the previous day can exit the risky account status by executing trades that shall reduce the requisite collateral for the account or depositing cash collateral.

Risk Limits and Incremental Collateral Application:

Takasbank assigns the risk limits to the extent of members' financial competency. Risk limits are determined over the required collateral amounts for the members' positions.

Risk limit assigned to each Member is specific to that Member and is notified to the Member by Takasbank.

It is checked at least two times during the day whether the member's requisite collateral amount due to the positions taken on its behalf and clients' behalf exceeds the risk limit.

In the event that the Member exceeds the risk limit in the Derivatives Market (VIOP), the excess amount is multiplied by the factors determined incrementally and added to the requisite collateral amount in the Member's portfolio account. Margin call is delivered in electronic environment to the Member whose collateral in the portfolio account falls below variation margin after the extra collateral charge. All the accounts of the member are switched to "risky" status if the Member does not fulfill the additional trade collateral obligation in the 1-hour following the margin call.

In the event that the limits are breached by 300%, all accounts of the Member are switched to "risky status without checking if the collateral balance is sufficient or not. The entire passive orders pertaining to the risky account is automatically cancelled in stock exchange's trade platform. The account may exit the risky status by depositing collateral and/or executing trades that shall not increase the requisite collateral amount. Collateral cannot be withdrawn from risky accounts.

The ratio of the requisite collateral amount for all accounts of the member to the member's risk limit and the factors corresponding to such ratio is listed below. The additional collateral amount that shall be required in case of limit breach is attained by the multiplying the amounts corresponding to the range with the factors determined for that range.

Initial Margin/ Risk Limit	Multiplication Factor
100%-130%	0.2
131%-100%	0.3
151%-300%	1.0

Settlement Process Deadlines:

Derivatives Market (VIOP)- Process Name	Hour
Cash Settlement Deadline (Default Commencing Hour)	15:00
Profit Distribution Deadline	15:05
Cash Collateral Deadline	15:40
Remuneration Deadline	15:40
Physical Delivery Deadline (Default Commencing Hour)	16:30
FX Collateral Withdrawal Deadline	17:00
TRY- non-FX Collateral Withdrawal Deadline	17:30
Collateral Deposit Deadline	17:30
Account Opening/ Association Deadline	17:45
Option Exercise Order Deadline	17:50
Settlement Price Announcement	18:10
Automatic Option Exercise Deadline	18:10
Margin Call	18:45+
Account Mark to Market	18:50+
End of Day Transactions on Settlement Screen (TVIS)	21:00+
Notification of the Positions in the Joint Accounts	21:00+

Securities Lending Market –Process Names	Hour
Deadline to Meet Margin Call	13:25
Deadline to Deposit Cash Collateral at the Cashier	14:30
Deadline to Meet Margin Call for Forward Value Trades	15:30 (Settlement date)
Remuneration Deadline	15:45
Deadline for Closing out Due Borrowing Debt	17:00
Deadline for the Withdrawal of TRY Collateral not subject to Remuneration	17:05
Collateral Deposit/ Withdrawal Deadline	17:15