

## SECURITY LENDING MARKET CONTRACT

### ARTICLE 1- THE PARTIES

This contract has been agreed between, Istanbul Clearing, Settlement and Custody Bank Inc.-Takasbank (İstanbul Takas ve Saklama Bankası Anonim Şirketi), operating at the address, Merkez Mahallesi, Merkez Caddesi No:6 Şişli-İSTANBUL and.....operating at the address. ....

### ARTICLE 2- DEFINITION AND ABBREVIATIONS

Hereinafter, the expressions below shall mean,

**Borsa:** Borsa Istanbul Inc.,

**Related legislation:** Capital Markets Law, General Regulation on the Establishment and Operating Principles of Central Clearing and Settlement Institutions, Istanbul Clearing, Settlement and Custody Bank Incorporation Central Clearing and Settlement Regulation, Istanbul Clearing, Settlement and Custody Bank Incorporation Central Counterparty Regulation, Takasbank Securities Lending Market Directive, Procedure on the Application Principles of Takasbank Securities Lending Market, Capital Market Board's Communiqué on Margin Trading, Short Selling and Borrowing and Lending Transactions and other related legislation,

**Securities Lending Market, (SLM) (in Turkish known as ÖPP):** The market operated by Takasbank whereby the borrowing and lending orders sent by the authorized organizations determined by Takasbank in relation to capital market instruments, selected by Takasbank from list of such instruments compiled by Capital Markets Board and the Borsa that could be the involved in margin trading and short selling, are matched.

**Procedure:** Takasbank Security Lending Market Application Principles Procedure,

**Takasbank:** Istanbul Settlement and Clearing Bank Inc., which is a party to this Contract

**Member:** The Incorporation..... which is a party to this Contract

**CMB (SPK):** Capital Market Board

### ARTICLE 3- THE SUBJECT OF THE CONTRACT

The subject of this Contract is to determine principles of the borrowing and lending transactions, which shall be executed in SLM and the rights and obligations of the parties.

### ARTICLE 4- GENERAL PROVISIONS

The shares and stock exchange mutual fund participation certificates, deemed as appropriate by Takasbank among the CMB and Borsa's list of securities that could be involved in margin trading and short selling, and the other capital market instruments allowed by CMB, may be the subject of borrowing transactions in SLM.

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Takasbank is the central counterparty for the transactions executed in SLM. If the Members borrow, Takasbank is the lender, if the Member lends, Takasbank switches to borrower position automatically through the matching of the order.

Takasbank, in accordance with the relevant legislation, may assume the role of central counterparty through contract renewal method or any other method deemed appropriate. In Contract renewal, subject to the framework of the provisions in the Turkish Code of Obligations, 6090 no, Article 133, the contract between the SLM lender and borrower is terminated and the parties make a contract with Takasbank where it assumes role of central counterparty. Subsequent to renewal of the contract, if the Member is borrower in the first contract, Takasbank replaces the lender, if Member is lender, Takasbank replaces borrower. In the contract renewal method, the renewal notification to Takasbank, and time of occurrence of the renewal following registration into Takasbank records, the transfer of the rights and obligations specified in the first contract and the other matters are determined by Takasbank.

In the event that Takasbank provides central counterparty service through methods other than open bid and contract renewal, the procedure and principles in relation to the preferred method and the limit of Takasbank's liabilities, are laid down in the relevant legislation.

Takasbank also has the right to refrain from acting as the central counterparty subject to the principles in related legislation. The Member accepts, declares and warrants that, it has no right of appeal to Takasbank's decision in relation to the change of method in becoming central counterparty or to refrain from acting as central counterparty.

#### **ARTICLE 5- THE RIGHT AND OBLIGATIONS OF THE PARTIES**

The Member is allowed to execute lending and borrowing transaction in SLM under the framework of this Contract and the relevant legislation. Consequent to the Member's execution of a borrowing transaction, the liability to deliver back the borrowed securities in kind arises upon the borrowing obligation becoming due. The Member is allowed to perform its obligation by means of returning the equivalent, solely, in cases where return in kind is not possible under the conditions as per the relevant legislation.

Where the Member is the lender, as the central counterparty, Takasbank is obliged to deliver back the securities which are involved in the lending transaction, on the maturity date of such transaction, or where not possible, the equivalent in accordance with this Contract and the relevant regulatory provisions.

Without prejudices to the rights and obligation specified in this Contract, the Member accepts, declares and warrants that;

- 1) The communiqué, bylaw, directive, circular, resolution and all kinds of regulations in other names issued by the CMB and Takasbank and the relevant legislation's provisions and this Contract's clauses, hereby, shall apply to all the transactions executed in the SLM, Takasbank is authorized to interpret such regulation and make decision and guide execution, in matters that are not clear, taking into account the general provisions.
- 2) Takasbank, as the operator, has all kinds of regulatory powers in relation to SLM's functioning, it shall abide by all the rules and regulations that are announced and

shall be announced by Takasbank and it has no right of appeal to Takasbank's exercise of such powers, it shall perform all requirements and obligations determined by Takasbank,

- 3) It has unlimited liability in relation to the obligations arising from any kind of transaction executed with representatives reported to Takas bank and (in cases where required by the related legislation, able to assume encumbrance and commitments on behalf of the Member upon the authorized employees' instruction) assigned by the Member to execute transactions in SLM, and in the absence of notification of any change in representative powers, to Takasbank, in writing, the transactions are binding, and the Member is responsible for the protection of the user name and password the representatives use for system access and that he is liable for all types of damage which may arise from the use of such name and password by unauthorized persons by means of falling into the hands of 3d persons without the will or outside the will of the representative , and that it is liable regarding all damage which may be caused by absence of license of the representatives or the clients on whose behalf the trade is executed or acting contrary to the client instructions or executing trade in the client's account without client's instruction,
- 4) In relation to the borrowing' lending orders routed to SLM, unmatched orders shall be automatically canceled in the existence of circumstances specified in the Procedure; borrowing and lending order at SLM may be matched at all times, hence in the event that the routed orders are matched at the time the rectification/cancellation request for such order is submitted, such request shall be deemed invalid and the previous request's consequence shall be binding,
- 5) It accepts any examination by Takas bank personnel, with respect to the transactions executed in SLM, and it shall submit all kinds of information or document demanded by Takasbank, on SLM transaction,
- 6) It can open position to the limit of proprietary and client collateral, not to exceed the limits set by Takasbank, and is obliged to monitor the account risk status, Takasbank shall not allow to route orders without depositing the collateral.
- 7) All SLM orders or the assignment of securities with Central Registry Agency as collateral, shall generate virement records in the accounts with Central Registry Agency
- 8) Takasbank is authorized to set the maturity of the transactions, amend the maturity dates for executed transaction and liquidate open positions, under the circumstances defined in the relevant legislation,
- 9) The error, fraud, economic distress claims succeeding the instance of generation of trade confirmations or trade reports - sent by Takasbank or generated by the system on the system shall not be accepted by Takasbank and will not be valid,
- 10) The demands outside the working hours determined by Takasbank shall not be regarded, and such hours may be changed at all times by means of notification of the Member by Takasbank,
- 11) It is obliged to pay, liabilities incurred due to the transactions executed in SLM, and direct or indirect all kinds of expense (tax, duties, fund and fees) and all kinds of

expenses and statutory deductions, in the periods set by Takasbank, Takasbank has the right to increase interest and commissions, not to exceed the limit set by the authorities and that it is obliged to pay such increases with all related tax and duties without any warning,

- 12) It is obliged to pay all kinds of fees, costs and attorney's fees, in the event that Takas is required to initiate lawsuit or execution proceedings to collect the Contractual debt.
- 13) In case of violation with the related legislation and this Contract's provisions or loss of membership eligibility as per the legislation, Takasbank may terminate its membership and it has no right of appeal,
- 14) In the matters that are not mentioned in this Contract, Takasbank regulations and other relevant legislation's provisions shall be applied; the amended provisions shall be applied in case of amendment of such legislation.

## **ARTICLE 6- TRANSACTION LIMITS**

The sum of borrowing transactions that the Member will execute in the SLM is not allowed to exceed the allocated limit. In the event of exceeding the limit due to changes in price of the capital markets instruments pertaining to the borrowing transaction or any other reason, this Contract's provisions shall also apply for the excess beyond the limit.

The transaction limit, is notified to Member in writing by Takasbank. Takasbank is authorized to increase, decrease, freeze or cancel limits by means of notifying the Member.

## **ARTICLE 7- THE PRINCIPLES REGARDING THE COLLATERAL**

### **7.1 Establishing the Margin**

The Member, in relation to the borrowing transaction, is obliged to establish collateral in the type and quantity specified by Takas bank. The Member is obliged to entrust Takasbank as collateral, amount of securities, which are involved in the borrowing transaction, where such amount is determined and appraised by Takasbank. Takasbank is authorized to modify the initial and minimum collateral and /or the security types eligible as collateral, depending on the Member's financial structure and the risk levels of the securities involved in the transaction, by means of notifying the Member. In such case, the Member, without any objection, accepts, declares and warrants to increase the collateral rate to the level demanded from Takasbank and change the type of collateral. Whenever such obligation is failed to fulfill, default provisions are applied.

The Member is obliged to achieve the composition of the collateral assets within the limits set by Takasbank and monitor and ensures such composition.

Takasbank's right and powers over the assets received as collateral cannot be restricted in any way. The involvement of the Member or its client on whose behalf it executes transactions in SLM in concordatum (konkordato) period assignment, acceptance of

concordatum, entering concordatum period by means of concordatum or abandonment of the assets following bankruptcy, restructuring via reconciliation, bankruptcy, postponement of bankruptcy or other enforcement procedures within the framework of 2004 no Enforcement and Bankruptcy Law or Capital Markets Law's provisions on gradual liquidation, does not in any way whatsoever restrict Takasbank's exercise of right and powers over the collateral.

The collateral is established by means of the transfer of securities and assets entrusted to Takasbank as collateral, to related collateral accounts.

## **7.2 Transfer for the Purpose of Collateral**

The possession of the securities entrusted as collateral for trades executed in the Market, is transferred to Takasbank by the Member for the purpose of collateral. The possession passes to Takasbank following the transfer of collateral assets to Takasbank accounts. The Member accepts, declares and warrants that, in accordance with the framework of client agreements, it has right of possession (tasarruf) over the collateral it transfers from the client to Takasbank against the borrowing transaction executed on behalf of the client in SLM. The absence of Member's right of possession over the collateral assets provided to Takasbank, does not impede Takasbank's acquisition of limited real right (ayni hak) in accordance with the 79<sup>th</sup> Article of the 6362 no Capital Market Law. The Member is liable for any damage, which may arise due to absence of right of possession over the collateral entrusted to Takasbank, Takasbank cannot be held liable.

## **7.3 Valuation of the Collateral and Margin Call**

The collateral is monitored on a daily (business day) basis, in accordance with the principles determined by Takasbank. In the event that the appraised collateral of the Member falls below the minimum level set by Takasbank, Takasbank makes a margin call to Members via screen messages or reports, to deposit variation margin until initial margin level is reached. The Member, accepts that the call reaches it, the instance that margin call is generated in the system, without the need for further warning and notification. The Member's obligation starts the instance such call reaches it. The Member, is obliged to meet the margin call as of the notification date.

## **7.4 Rights Arising from Collateral**

The dividend and interest income on the securities transferred for the purpose of collateral, bonus shares and possession of new shares subsequent to exercise of rights issue are considered to have been transferred to Takasbank without any requirement for further procedure.

## **7.5 Return of the Collateral**

Takasbank, subject to the Member fulfilling its obligations with regards to transactions executed in the SLM, and on demand from the Member, returns the collateral securities in kind, where not possible, the equivalent.

In cases where the collateral had to be expended in accordance with this Contract and related legislation's provisions, if there is a remainder after Takasbank meets its receivable claims in full from the collateral, Takasbank returns the remaining collateral on Member's demand, in kind and where not possible the equivalent.

#### **ARTICLE 8- GUARANTEE FUND**

The Member is obliged to participate in the guarantee fund, which is managed and represented by Takasbank, and established to meet the Member's and other SLM trader's losses beyond the collateral in the event of default.

The Member is obliged to entrust assets in quantity and type as demanded by Takasbank, as guarantee fund contribution, to Takasbank in accordance with the procedure and principles in the relevant legislation.

Whenever the SLM guarantee fund falls below the level predetermined in the relevant legislation due to losses caused by market price changes, use of the fund, increase in the Member's guarantee fund contribution liabilities and other reasons, margin call is made by Takasbank to the Members to top up the guarantee fund. The margin call is made via Member screen-provided by Takasbank- messages and reports. The Member accepts that the call reaches it, the instant it was generated on the system, without the need for further warning or notification. The Member's obligation starts the instant the call reaches it. The Member is obliged to meet the margin call, in the period defined in the Procedure. In the event of failing to perform the obligation, the default interest rate in the relevant legislation is charged to the Member.

The Member warrants to deposit the additional guarantee fund contribution, which may be demanded in accordance with the relevant legislative provisions, within the period, set by Takasbank. The Member accepts that it has no right of appeal, in the event that the deposited guarantee fund contributions and the additional fund contributions are used to pay off the other organizations trading in the SLM, in accordance with the relevant legislation. The Member, accepts, declares and warrants that, in the event of Takasbank's use of guarantee fund contribution to settle other SLM trader's debt, and the legal pursuit on such debtor bears no or partial result resulting in the failure to meet the loss partially or fully, it shall not make any claims against Takasbank.

#### **ARTICLE 9- MATURITY OF BORROWING TRANSACTIONS AND DEFAULT**

The debt, which arises from borrowing transactions, becomes due in the following conditions.

- 1) The maturity of the borrowing transaction,
- 2) The failure of the Member to meet margin call and the obligation to deposit guarantee fund contribution, despite the margin call being made in accordance with the procedures and principles in the related legislation,

- 3) In accordance with the relevant legislation, on the emergence of conditions requiring restriction of the Member's activities, the liquidation of the Member's liabilities,
- 4) The exclusion of the security involved in the borrowing transaction from the list determined in accordance with the related legislation's provisions.

The Member is considered in default, if failing to perform its obligations in accordance with the procedure and principles on the due date, without the need for Takasbank to file a protest, send a warning or grant grace period and take action on any kind of legal enforcement and initiative.

In the event of default, the Member is obliged to pay the default interest, at the rate in the relevant legislation. If Takasbank has suffered loss beyond default interest amount due to the Member's default, the Member is obliged to meet these losses as well. Takasbank, has all kinds of settlement, setting-off and lien rights over the Member's accounts with Takas bank excluding the client assets, for the due debt of the Member and all kinds of interest and other expenses and loss that exceeds the default interest arising from such debt.

In the event that the debt becomes due subsequent to the Member's failure to meet margin call, under the framework of the default provisions, Takasbank retains the right to liquidate borrowing obligations fully or partially, starting from the nearest maturity obligation until the collateral reaches the initial amount, by means of, purchasing the securities involved in the borrowing transaction subsequent to cashing in the collateral in the account.

Takasbank, in the event of Member's default on the debt pertaining to transactions executed in the SLM or due to causes prescribed in the related legislation or this Contract, the collateral does not satisfy the receivable claim, has the right to sell the collateral securities in securities exchange or other unorganized markets if quoted, in exchange for a value no less than worth in such markets and meet its receivable claim from the sales proceeds, set-off cash entrusted to it against the receivable claim without the need for performance of any precondition such as issuing any warning or notice, grant to delay, obtaining permission or consent from judicial or administrative authorities, cashing in the collateral via open-auction or other way. Where the receivable claim on the collateral must be satisfied, Takasbank, if so desires, is allowed to retain possession of a portion of the collateral sufficient for such claim. In such case, Takasbank takes into account the value of the collateral, on the instance the option is used.

Takasbank, as well as being capable of preventing the Member from entering a new transaction in the SLM when in default or obstructing it from trading on behalf of the client that caused the default and/or withdrawing excess collateral, is also authorized to close out the member's current positions and cancel passive orders.

If the security involved in the borrowing transaction is excluded from the list determined in accordance with the related legislation's framework, the Member is obliged to comply with Takasbank instructions in accordance with the procedures and principles set in the Procedure.

The Member, in relation to the relevant legislation's provisions, is obliged to pay the transaction commission accrued until the maturity and throughout the default, even if the debt arising from borrowing transaction becoming due before the maturity, with the exception of where the security involved in such transaction is removed from the relevant list.

Takasbank's obligation where The Member is a lender in the SLM, is restricted to; paying the transaction commission, deliver the borrowed securities, where delivery is not possible in accordance with the procedure and principles to pay the cash equivalent, and pay transaction commission in default period. Such transaction commission rate is not allowed to exceed the default interest rate, which Takasbank shall receive in default period from the borrower. The Member accept, declares and warranties that it shall not demand any indemnification as default interest, positive or negative damage compensation or in which ever name, against the claim for the loss incurred beyond the transaction commission.

## **ARTICLE 10- THE MIGRATION OF THE POSITIONS AND THE COLLATERAL**

The positions monitored in the Member's individual accounts and the collateral related to such position may be migrated to another organization authorized to transact in the SLM, subject to the consent of the client owning the positions and collateral to be migrated. The execution of the transaction is reliant upon the instruction of both the Member and such client.

The migration is executed with the related collateral accounts through the records held by Takasbank.

Takasbank cannot be held liable in case of Member's failure to obtain the client's consent on migration. The Member is liable for indemnification of the client against loss henceforth incurred and the Member is obliged to pay on Takasbank's first demand, the indemnification amount and all losses incurred by Takasbank, whenever Takasbank is resorted to for such indemnification. Takasbank retains settlement and set-off right over all kinds of rights and receivable claims belonging to the Member.

In the event that the Member's activities are restricted under the framework of the regulatory provisions, and the SLM membership is terminated, the positions and collateral pertaining to individual accounts are migrated as per the procedure and principle in the related regulation.

The Member is required to notify Takasbank regarding any agreement on migration with any other organization authorized to transact in the SLM or any assignment by its client involving the transferee's consent.



## **ARTICLE 11- THE RIGHTS WHICH ARISE FROM THE BORROWED SECURITIES**

Where the Member is the lender, it is the owner of stock subscription rights, bonus share acquisition rights that arise from the borrowed security and the dividend related to such securities. Nevertheless, it accepts that, it is not allowed to use voting right arising from the borrowed securities.

If the Member is borrower and the borrowed security paid dividend interim, the Member is obliged to deposit the dividend in accordance with the procedures and principles as per the legislation to Takasbank, The Member is required to follow such procedure on the dividend distribution date. In case of the Member's violation of this obligation, it is obliged to pay default interest set in the related regulation.

If the member is borrower and the borrowed security gives rise to bonus shares, the Member is obliged to return such shares on maturity along with the borrowed securities. In the event of rights offering, the subscription obligations are met as per the procedures and principles in the related regulation.

## **ARTICLE 12- FEES, EXPENSES AND COMMISSIONS**

The Member is obliged to pay transaction commission to Takasbank whenever it executes a borrowing transaction in SLM. In case that the Member, executed a lending transaction in SLM, is Takasbank obliged to pay the Member transaction commission.

The Member is obliged to pay Takasbank commission for each transaction executed in SLM, in accordance with the relevant legislation,

The Member, is obliged to pay, stamp duty which arise from signing of this Contract and Banking and Insurance Operations Tax or any other tax which arises and may arise in any stage of the transactions executed in the SLM.

## **ARTICLE 13- NOTIFICATION ADDRESS**

The parties accept the addresses aforementioned in the 1<sup>st</sup> Article of this Contract as notification address. Unless the address amendments are notified to the other party, the notification made to last communicate address, shall be deemed to be made, to the relevant party.

## **ARTICLE 14- THE TERM OF THE CONTRACT AND TERMINATION**

This contract is indefinite and comes into effect the date it is agreed on. The Parties may terminate the Contract upon mutually serving termination notice. The Member is required to serve termination notice at least one month before, to terminate this contract. The termination of the Contract does not eliminate the obligations arising from the business and transactions until the termination date and from the relevant legislation.

## **ARTICLE 15- AMENDMENTS**

Takasbank, in the existence of conditions, which according to Takasbank's view, may adversely affect the functioning and reliability of SLM, has the right to partially or completely amend this Contract's provision. Takasbank notifies this amendment to the Member, via certified and registered mail. The member shall be deemed to accept the amendment, as of the end of 7 days following the notification date, unless it makes an appeal to the amendment explicitly, in 7 days following the notification date. In the event of appeal, the Contract is deemed to be terminated at the end of the 7<sup>th</sup> day following appeal. The termination of the Contract as such, does not eliminate the obligations arising from business and transactions executed until the termination date, and the related legislation.

## **ARTICLE 16- NON-ASSIGNABILITY**

The Member is not allowed to assign its rights and obligations arising from this Contract, to 3d parties without Takasbank's consent.

## **ARTICLE 17- EVIDENTIAL CONTRACT**

The parties accept that, in the resolution of the possible disputes between the Member and Takasbank, with respect to the conflicted matter, only Takasbank records, confirmation messages, computer record and other records held by Takasbank shall serve as firm evidence.

## **ARTICLE 18- RESOLUTION OF DISPUTES**

The Istanbul Central court and Enforcement offices are authorized to resolve any dispute that may arise from this Contract.

This Contract which comprises of 19 Articles, has been signed in Istanbul, on ...../.../... as two copies.

TAKASBANK  
ISTANBUL CLEARING SETTLEMENT AND  
CUSTODY BANK INC.

MEMBER TITLE  
SIGNATURE