

## Regulation

From Capital Markets Board of Turkey:

### ISTANBUL SETTLEMENT AND CUSTODY BANK INCORPORATION CENTRAL CLEARING AND SETTLEMENT REGULATION

#### CHAPTER ONE

#### General Provisions

##### Purpose

**ARTICLE 1 – (1)** The purpose of this Regulation is to determine the principles and procedures regarding the clearing and settlement services to be provided in the markets deemed as appropriate by the Capital Markets Board by Istanbul Settlement and Custody Bank Inc., acting as the central clearing and settlement institution in accordance with the principles set forth under the Regulation on the Establishment and Operating Principles of Central Clearing and Settlement Institutions published in the Official Gazette dated 30/5/2013 and issue numbered 28662.

##### Scope

**ARTICLE 2 – (1)** This Regulation covers the principles and procedures regarding membership, collateral, clearing and settlement, default, discipline, revenue and other issues related to the clearing and settlement services provided by Istanbul Settlement and Custody Bank Inc., as the central clearing and settlement institution.

##### Basis

**ARTICLE 3 – (1)** This Regulation has been prepared on the basis of the provisions of article 77 of the Capital Market Law dated 6/12/2012 and numbered 6362.

##### Definitions and Abbreviations

**ARTICLE 4 – (1)** The terms used in this Regulation shall bear the following meanings;

- a) Exchange: The system and market places defined under clause (ç) of the first paragraph of article 3 of the Capital Market Law numbered 6362,
- b) General Manager: General Manager of Istanbul Settlement and Custody Bank Inc.
- c) General Regulation: Regulation on the Establishment and Operating Principles of the Central Clearing and Settlement Institutions that was published in the Official Gazette dated 30/5/2013 and numbered 28662,

- c)** Law: Capital Markets Law dated 06/12/2012 and numbered 6362,
- d)** Board: Capital Markets Board,
- e)** Market: Exchanges, organized market places and market and market places for which Takasbank is authorized by the Board to provide clearing and settlement services in accordance with the provisions of the third paragraph of article 22 of the General Regulation.
- f)** Market Operator: The market operators defined in the Law and the institutions that manage and/or operate the market and market places for which Takasbank is authorized by the Board to provide clearing and settlement services in accordance with the provisions of the third paragraph of article 22 of the General Regulation,
- g)** Market Directive: The directives that determine the principles and procedures to be applied in the markets to which services are to be provided under this Regulation and that are approved by the board of directors,
- ğ)** Market Member: The institutions that are authorized to trade in the markets and other market places to which Takasbank provides clearing and settlement services but are not settlement members of Takasbank,
- h)** Procedure: The application procedures that include the rules and principles to be applied in the markets to which services are provided under this Regulation and are approved by the General Manager,
- ı)** Capital Market Instruments: Securities, derivatives instruments and other capital market instruments including investment contracts, that are determined by the Board to be within the scope of this Regulation.
- i)** Clearing and settlement: All of the processes that enable transfer of cash and/or assets by the members, between the counterparties to fulfill the obligations arising from the transactions executed in the market, within the deadlines and on the terms and conditions set forth by Takasbank,
- j)** Takasbank: Istanbul Settlement and Custody Bank Inc.,
- k)** CBRT: Central Bank of the Republic of Turkey,
- l)** Other organized market places: Other than the exchanges, alternative trading systems, multilateral trading platforms and other organized markets that bring together the buyers and sellers of the capital market instruments, intermediate for the purchase and sales of these instruments, develop and operate these systems and platforms for transactions
- m)** Member: Institutions that are allowed to be parties to the clearing and settlement services provided by Takasbank,
- n)** Board of Directors: The board of directors of Takasbank.

#### **Markets to which Takasbank can provide clearing and settlement services**

**ARTICLE 5 – (1)** The Board of Directors shall determine the markets to which Takasbank will provide clearing and settlement service with the prior consent of the Board and in accordance with the provisions of article 22 of the General Regulation. This determination may be made on the basis of markets, market places and

platforms that are constituted within the scope of exchanges and other organized market places and/or the instruments to be traded in these markets. Before the determination of exchanges to which Takasbank will provide clearing and settlement services, prior consent of the exchanges should be requested. (2) A contract that determines the rights, obligations and responsibilities of both institutions, shall be made between Takasbank and the exchanges or other organized market places to which Takasbank will provide services. This contract and any amendments to be made thereto shall be subject to the approval of the Board except for the liabilities that are owed by each party under the contract.

**(3)** Except for the markets developed by CBRT, Takasbank shall obtain prior consent of the Board in order to perform clearing and settlement, payment and collateral operations of other markets that were or will be established outside of the capital markets, as well as exchanges and other organized market places that operate abroad and over-the-counter markets..

**(4)** The Board may mandate the clearing and settlement of the trades, that are executed outside of exchanges and other market places, should be performed by Takasbank.

**(5)** By the authorization in accordance with the relevant legislation, Takasbank can also provide the services stated in this Regulation with respect to the product certificates issued by the licensed depots.

## **CHAPTER TWO**

### **Guidelines for Membership**

#### **Membership**

**ARTICLE 6 – (1)** CBRT, investment firms operating under the Law and other persons, which are recommended by Takasbank and accepted by the Board, can be a Takasbank member provided that they satisfy the terms and conditions prescribed under article 9 of this Regulation.

**(2)** Takasbank may set, to be a trading member in the relevant market as a prerequisite for membership.

#### **Membership Types**

**ARTICLE 7 – (1)** The members are divided into two groups: direct clearing and settlement member and general clearing and settlement member.

**(2)** The direct clearing and settlement members are authorized to perform only the trades of themselves and/or of their clients.

**(3)** The general clearing and settlement members are authorized to perform the clearing and settlement operations of other market members in addition to the trades of themselves and/or of their clients.

**(4)** The classification as general or direct clearing and settlement member shall be made after taking into account the amount of equity capital held by the member, qualification and adequacy of the internal systems as well as the infrastructure of the member and other internal rating studies performed by Takasbank.

The criteria used to determine the membership type shall be announced in the relevant Market Directives.

**(5)** The board of directors is entitled to decide the implementation of exclusively direct membership process, on the basis of market and capital market instruments.

### **Transition between membership types**

**ARTICLE 8 – (1)** The membership status of a general or direct member may be revised by Takasbank after observing the compliance level of the member with the terms and conditions set forth by Takasbank. In this regard, a direct clearing and settlement member may be accepted later as a general clearing and settlement member or a general clearing and settlement member may be accepted later as a direct clearing and settlement member.

**(2)** General clearing and settlement members may apply to become a direct clearing and settlement member. The applications filed by the general clearing and settlement members may be accepted by Takasbank provided that any outstanding obligations, if any, relating to the market members are transferred or winded-up.

**(3)** The applications filed for general clearing and settlement membership by the direct clearing and settlement members who qualify for the general clearing and settlement membership shall be assessed and finalized by Takasbank.

**(4)** Members who disqualify for the conditions set forth for general clearing and settlement membership may be authorized as direct clearing and settlement member at the discretion of Takasbank if they fail to re-qualify for the relevant criteria within the deadline determined by Takasbank, which shall start by the date on which Takasbank has notified the relevant member of disqualification.

### **Membership conditions**

**ARTICLE 9 – (1)** The conditions listed below must be satisfied for membership.

**a)** No revocation of trading authority has occurred in the markets to which Takasbank provides clearing and settlement service due to breaches of the applicable legislation,

**b)** Submission of the duly signed contracts whose contents to be determined by Takasbank and of the respective commitments if so requested by Takasbank,

**c)** Development of technical infrastructure in order to perform the transactions within Takasbank and taking of necessary measures in order to provide the infrastructure operability,

**ç)** Fulfillment of additional conditions that may be required by Takasbank according to the characteristics of the particular markets or capital market instruments for which clearing and settlement services will be provided,

**(2)** Additional membership conditions in connection with the markets in which Takasbank acts as the central counterparty, shall be determined under the regulation to be enacted by the Board.

## **Application and approval for membership**

**ARTICLE 10 – (1)** For membership application, the membership application form prepared by Takasbank as well as the information and documents mentioned below must be sent to Takasbank:

**a)** Information and documents that verify the fulfillment of the terms and conditions set forth under clauses (c) and (ç) of the first paragraph of article 9 of this Regulation,

**b)** Copy of the articles of association,

**c)** Signature circular attested by notary public,

**ç)** Certificate of Incorporation Announcement published in the relevant Turkish Trade Registry Gazette,

**d)** Contract and commitment letters with contents determined by Takasbank and signed by the authorized representatives of the institution,

**e)** If membership has been made subject to the condition of having authority of trading in the relevant market, the authorization certificate or notification issued by the relevant market to confirm that the application holder is a member of the market,

**f)** Other information and documents that may be determined on a market-by-market basis.

**(2)** For the assessment of the membership applications by Takasbank, completion and submission of the information and documents stated in the first paragraph of this article and provision of other information that may be requested by Takasbank is required. Takasbank shall base its assessment of such applications on the satisfaction of the terms and conditions required under article 9 of this Regulation. The final decision on the application shall be notified by Takasbank in writing to the relevant application holder.

## **Member's commencement of operations**

**ARTICLE 11 – (1)** The institution whose membership application was accepted shall fulfill the following preconditions within 1 month from the date of notification of the application approval in order to commence its operations with Takasbank;

**a)** Payment of the membership fee,

**b)** Depositing of the membership collateral,

**c)** Authorization of the personnel who will perform the transactions on behalf of the member in Takasbank systems. Failure in the fulfillment of these preconditions shall result in the revocation of membership license.

**(2)** The date on which the obligations prescribed under the first paragraph of this article shall be considered as the date on which the institution became a member of Takasbank and the member shall be entitled to perform the operations after this date.

## **Obligations and representation of the members**

**ARTICLE 12 – (1)** Takasbank members are generally responsible for all operations relating to the delivery of the capital market instruments related in the trades executed in the markets and of other assets that are cleared and settled by Takasbank; payment of the relevant cash and fulfillment of those obligations relating to collateral and guarantee fund contribution and for the performances by their employees in the course of their duties.

**(2)** The members are obliged to comply with the rules and principles prescribed under the applicable legislation and the principles relating to the clearing and settlement operations as listed below;

**a)** Acting in accordance with the principles and rules determined to be applicable on the services provided by Takasbank,

**b)** Establishing internal auditing and control mechanisms in order to ensure the security of the clearing and settlement system and taking necessary steps for the maintenance of these mechanisms,

**c)** Acting in good faith and fairness principles to their customers and other members,

**ç)** Timely payment of the dues, fees, commissions and other liabilities required with regards to membership and the operations performed within Takasbank,

**d)** Complying with the regulations requiring to purchase and maintain general and special insurance that covers the financial and legal responsibilities that may arise against the other members if so requested by Takasbank,

**e)** Providing any and all information that may be requested by Takasbank in connection with the issues relating to the operations and procedures covered by this Regulation and giving all means of support during the investigations to be conducted by the authorized persons of Takasbank,

**f)** Notifying Takasbank in 15 days, in case of transfer of shares resulting in direct or indirect control of the management,

**g)** Notifying the amendments that might involve the head office address, board of directors and general manager no later than on the business day following the amendment,

**ğ)** Providing the financial statements and other financial data that may be requested by Takasbank to be submitted as of the periods to be determined by Takasbank,

**h)** In addition to the statutory books and records that must be legally kept, keeping other records and duly issuing the books and documents requested by Takasbank;; transferring these to Takasbank periodically or at such times requested by Takasbank and maintaining these records and documents for a period of 1 year,

**ı)** Fulfilling and consummate all other obligations under this Regulation on a timely basis.

**(3)** Direct or indirect ownership of more than fifty percent of the member's voting rights either alone or with others acting together, or ownership of those of privileged shares that entitle the owner to elect the simple majority of the board of

directors or to nominate the members in the same number during the general meeting of the company shall be considered as acquiring the control of the management in the application of clause (f) of the second paragraph of this article.

**(4)** The member shall maintain and carry its relationship with Takasbank through the personnel authorized as per the provisions of clause (c) of the first paragraph of article 11 of this Regulation. The personnel who will perform operations on behalf of the member by using Takasbank system shall be provided with user codes and password in order to log into this system. The responsibilities arising from the operations performed in Takasbank system by using the password so assigned and the liability arising from unauthorized use of the password shall be borne by the member.

**(5)** This article shall also be applied to the members operating in other markets to which Takasbank provides clearing and settlement services pursuant to the provisions of the third paragraph of article 22 of the General Regulation.

### **Suspension of membership and dismissal from membership**

**ARTICLE 13 – (1)** In the event that it is determined that the member has lost the qualifications required on the basis of the relevant markets, Takasbank is entitled to request the fulfillment of the relevant obligations within an appropriate period that should not be longer than 3 months.

**(2)** If substantial risks that may prevent the secure and uninterrupted operation of the clearing and settlement system arise due to the disqualification or failure to fulfill the obligations, Takasbank is entitled to temporarily suspend all of the member's activities on the basis of specific markets or transactions or without granting any grace period to dismiss the member.

**(3)** If the license granted to the member for trading is cancelled by the exchange or market operator or competent authority, the member shall be dismissed from clearing and settlement membership for the particular market by Takasbank.

### **Obligations of the institutions that are suspended or dismissed from membership and powers of Takasbank**

**ARTICLE 14 – (1)** All outstanding obligations of the suspended or dismissed member which may arise from the operations covered by this Regulation shall continue.

**(2)** Takasbank is entitled to take any and all measures including the measures listed below in order to complete the clearing and settlement operations of the member that was suspended or dismissed.

**a)** Preventing the member from performing operations directly with the accounts in Takasbank system,

**b)** Using the clearing and settlement receivables of the member in order to settle the clearing and settlement liabilities,

**c)** Having recourse to the collaterals provided by the member,

**ç)** If a guarantee fund exists, having recourse to the guarantee fund contribution of the member,

d) Having recourse to the assets held in the free accounts of the member in Takasbank system.

### **Resigning from membership**

**ARTICLE 15 – (1)** The institution that intends to resign from membership shall notify Takasbank in writing. Resignation of the member shall be completed in line with the procedures determined under the Market Directives provided that the member fulfills the obligations emanates from this Regulation. If the member whose membership is terminated upon its request reapplies to become a member, the member has to meet the terms and conditions prescribed under article 9 herein.

## **CHAPTER THREE**

### **Clearing and Settlement Principles**

#### **Clearing and settlement system**

**ARTICLE 16 – (1)** Takasbank shall establish and operate necessary systems in order to ensure performance of the clearing and settlement operations.

**(2)** Takasbank shall develop systems for transfer, custody and collateral management and other systems in respect to the clearing and settlement operations in line with the characteristics of the markets to which Takasbank provides clearing and settlement service.

**(3)** Takasbank shall provide the technical infrastructure in order to guarantee uninterrupted, efficient and secure operation of the clearing and settlement system.

**(4)** Takasbank shall determine the methods of access for members to the system to perform operations in Takasbank system.

**(5)** To ensure uninterrupted and secure operation of the system, the member shall adapt to and comply in the given period of time with the system revisions made by Takasbank and to participate in the tests to which the member will be invited.

#### **Central clearing and settlement**

**ARTICLE 17 – (1)** In the markets for which Takasbank is authorized by the Board to provide clearing and settlement service pursuant to the provisions of article 77 of the Law and article 22 of the General Regulation, the clearing and settlement of all transactions should be performed in Takasbank systems, except for the exemptions set forth by the Board.

**(2)** All transactions that are decided, upon the request of the relevant exchange or market operated and with the consent of the Board, to be cleared and settled out of Takasbank systems, should be notified to Takasbank.

#### **Reckoning of clearing and settlement obligations**

**ARTICLE 18 – (1)** Multilateral netting is the general principle for the clearing and settlement of the transactions with the same value date. In multilateral netting process, if the member purchases and sales for a particular asset, the total sale amount shall be set off against the total purchase amount and the liability for the



asset shall be determined according to the net balance resulting therefrom. The amounts of purchases and sales for all assets shall be netted in general and single cash receivable or obligation should be generated.

**(2)** The liabilities and receivables which has not the same value date should not be offsetted.

**(3)** In line with the market trading rules or at the request of the Board or relevant exchange or market operator, the netting could be provided only between two members or certain transactions could be excluded from the netting process and clearing and settlement is made on a gross basis. .

**(4)** The guidelines for the netting in relation to the markets to which Takasbank provides clearing and settlement service and for the gross clearing and settlement method shall be determined under the Market Directives.

### **General principles for the fulfillment of clearing and settlement obligations**

**ARTICLE 19 – (1)** The counterparty for Takasbank in the services provided under this Regulation is the member.

**(2)** The member is obliged to fulfill its clearing and settlement obligations arising from the transactions in the markets within the deadlines determined on particular markets basis. The principles for the responsibilities of members in those markets where Takasbank acts as the central counterparty shall be determined under the relevant legislation.

**(3)** The rights and obligations of the members arising from the clearing and settlement operations shall be finalized on a book entry basis, on the accounts of the members which should be determined by Takasbank.

**(4)** The members are obliged to open the required accounts to perform the clearing and settlement operations within Takasbank and the correspondent banks determined by Takasbank, Central Registry Agency and central securities depositories.

### **Fulfillment of clearing and settlement obligations**

**ARTICLE 20 – (1)** The members shall fulfill their obligations that arise from the transactions they have performed in the market and that are reckoned in line with the principles set forth under article 18 by transferring the necessary amounts to the accounts determined by Takasbank.

**(2)** The fulfillment of the clearing and settlement obligations by members is the general principle. However the obligations could also be collected from the member's account on ex officio basis. Relevant procedures and principles for this fulfillment shall be determined under the Market Directives.

### **Delivery versus payment**

**ARTICLE 21 – (1)** Clearing and settlement shall be made by delivery versus payment principle. On the delivery versus payment principle, no receivables shall be paid to the member who failed to fulfill its obligations. In case of partial fulfillment of the obligation, the receivables shall be paid pro rata to the liabilities that have been fulfilled.

**(2)** In delivery versus payment principle, in line with the characteristics of the particular market to which clearing and settlement service is provided the liquidity rank in respect to the blocking of the receivables of the members against the obligations and releasing procedures should be determined by Takasbank. Blocking shall be provided from the most liquid to the least liquid receivables; and release of the blocking shall be provided from the least liquid to the most liquid receivables.

**(3)** On a market basis to which Takasbank provides clearing and settlement service and in line with the characteristics of this particular market, the exemptions of delivery versus payment and the procedures and principals of implementation of the principle shall be determined in related Market Directives.

### **Distribution of clearing and settlement receivables**

**ARTICLE 22 – (1)** Clearing and settlement receivables that arise from the transactions performed by the members in the markets and that are calculated in line with the guidelines set forth under article 18 of this Regulation shall be paid by Takasbank by transferring the relevant amounts to the accounts of the members.

**(2)** The member shall be entitled to receive its clearing and settlement receivables only if the member has fulfilled its clearing and settlement obligations and there is sufficient balance in the clearing and settlement pool developed by Takasbank for the purpose of fulfilling obligations relating to cash and/or assets. Receivables of the members who have no outstanding obligations shall be made only if there is sufficient balance in the clearing and settlement pool.

**(3)** The blocked receivables shall be released by taking into account the “debt closing time”.

**(4)** The distribution of receivables shall be made by taking into account the time for releasing these receivables. For the markets to which clearing and settlement service is provided, Takasbank shall be entitled to determine different distribution methods according to the characteristics of the markets. Relevant guidelines and procedures shall be determined under relevant Market Directives.

### **Pre-depositing requirement**

**ARTICLE 23 – (1)** For the purpose of proper operation of the clearing and settlement system, Takasbank, taking into account the risk and default positions, may request that trades with a certain capital market instrument or trades of a particular member or members or the trades of the real persons and legal entities and their authorized representatives that are determined by the Board and the exchange during their surveillance activities be performed without multilateral netting or the cash amount for the purchase or certain part or all of the capital market instruments to be sold be deposited prior to the execution of order.

**(2)** The money or assets that has been deposited prior to trade shall be returned to the member if the order is not executed.

**(3)** If the order is executed;

**a)** The money so deposited shall be off set with sum of the purchased asset, in case of purchase orders. In cases where the cash liability arising from the purchase is less than the amount deposited, the difference shall be returned to the relevant member.

**b)** The assets that were sold shall be delivered to the buying member after receiving the relevant sum in case of sale orders. The sum so received shall be paid to the selling member. If all assets that were deposited are not sold, the residue shall be returned to the selling member.

**(4)** If assets that have been purchased are in excess of the amount deposited or if assets that have been sold are in excess of the assets deposited, the default procedure shall be applied even if the amount in between or difference in the assets had been settled during the clearing and settlement period.

**(5)** Unless otherwise notified by the Board, the exchange or market operator the provisions of this article shall be applied in those cases where the Board, the exchange or market operator asks the implementation of pre-depositing requirement.

### **Clearing and settlement period**

**ARTICLE 24 – (1)** The clearing and settlement period and any revisions to the period shall be determined on a market basis after taking the opinion of the related exchange or market operator.

The guidelines for the clearing and settlement period to be determined for the markets to which Takasbank provides clearing and settlement service and in line with the characteristics of the related market as well as any revisions to this period shall be provisioned under the Market Directives.

**(2)** The clearing and settlement period may be revised by Takasbank on temporary basis due to problems arising from clearing and settlement, custody, payment and market operation systems.

### **Currency**

**ARTICLE 25 – (1)** For the payment of cash liabilities arising from the clearing and settlement transactions, the general principle is to use the currency that the trade is executed.

**(2)** Takasbank may allow for the use of different currencies other than the currency of the trade in the settlement of cash clearing and settlement liabilities, in line with the guidelines to be determined on a market basis.

### **Offset**

**ARTICLE 26 – (1)** Receivables in cash and/or in the form of assets arising from the trades performed by the member in a market or marketplace to which Takasbank provides clearing and settlement service could be offset with the liabilities in cash and/or in the form of assets of the same member that had arisen from the trades performed in other markets or marketplaces.

**(2)** If the member demands to benefit from the offsetting facility in those markets that are allowed, such member should place an offset instruction by using the procedure and within the deadline to be determined by Takasbank.

**(3)** Although an offset instruction has been placed, if the receivables could not be obtained from the related market within the same day the member should pay its obligations to the market to which the member is indebted for the same day.

(4) The instructions, deadlines applicable for these instructions and other issues relating to the offset operations shall be determined under the Market Directives.

### **Clearing and settlement finality**

**ARTICLE 27 – (1)** The provisions of article 79 of the Law shall be applied on the certainty clearing and settlement finality.

### **Transfer**

**ARTICLE 28 – (1)** Takasbank shall establish the system to ensure transfer of the assets held by Takasbank which had arisen from the clearing and settlement operations between the accounts of a member or to the account of another member.

(2) The transfer may be completed as free transfer or conditional transfer according to the instructions given by the members.

(3) Free transfer is the transfer of an asset held in the account of the member to another account without any pre-condition.

(4) Conditional transfer is the transfer where the member makes conditional on the receipt of an asset in his account before transferring the assets in his account to another member account. Asset transfer between the accounts shall be made simultaneously.

(5) Takasbank shall ensure integration with other transfer systems for facilitating the transfers to be made from other accounts to Takasbank accounts. For the transfers to be made to other accounts, it is not necessary to be a Takasbank member for the institutions to whose accounts the transfers should be made.

(6) The principles for the transfers could be differentiated by Takasbank on a market basis according to the type of asset and basis of transaction.

## **CHAPTER FOUR**

### **Default Procedures**

#### **Default Procedure**

**ARTICLE 29 – (1)** The member who failed to fulfill all of its obligations, arising from the trades performed in the markets, in compliance with the procedure and deadlines prescribed under the relevant Market Directives shall be considered to be in default without any prior notice to the member.

(2) For the markets, except those are operated by Takasbank, to which clearing and settlement service is provided under the provisions of the third paragraph of article 22 of the General Regulation the default, the calculation of the default interest accrual and other issues regarding the member objections shall be determined in accordance with the applicable legislation.

#### **Termination of default**

**ARTICLE 30 – (1)** The member in default has to fulfill its obligations within the deadline to be determined for the particular markets under the Market Directives.

In case of failure in the fulfillment of obligations within the deadline, Takasbank may use the transaction collateral provided by the member. If the collateral is not sufficient in amount and if there is a guarantee fund developed for the relevant market, Takasbank may use the guarantee fund contributions deposited by the member. The transactions to be performed to ensure fulfillment of member obligations shall be determined under the related Market Directives.

**(2)** If the purchase and/or sale transactions performed by Takasbank, using the blocked receivables, in order to fulfill the asset and/or cash obligations of the member and terminate the default are completed by Takasbank in unfavorable prices for the member, the difference shall be collected from the member. In case of default in payment, the transaction collateral shall be used. If the transactions are executed at favorable prices, the balance remaining after the settlement of the outstanding obligation shall be refunded to the member.

**(3)** Takasbank may require the member to provide additional transaction collateral in different rates or amounts and with differentiated periods, taking into account the timing of the termination of default, outstanding amounts of defaults, default intervals and numbers.

#### **Default interest**

**ARTICLE 31 – (1)** Default interest and other legal liabilities shall be collected from the member who failed to fulfill its obligation within the deadlines, in respect to the period commencing with the date of default and ending on the fulfillment of commitment and over the outstanding default amount, which shall be calculated with the method determined for the relevant market.

**(2)** Default interest shall be charged in respect to the outstanding liability of the member in default in such amount to be calculated by using the highest rate of interest among the over-night weighted average interest rates in the CBRT Interbank Money Market or in Takasbank Money Market or in the repo-reverse repo markets developed by Borsa Istanbul for the government debt securities by multiplying with a coefficient to be set forth on a market basis.

**(3)** Takasbank may set different interest rates in respect to the different time periods and each particular market to which Takasbank provides clearing and settlement service depending on the time of settlement of the outstanding liabilities and may impose upper and lower limits for the accrual of the interest calculated. The upper and lower limits shall be set by the board of directors by considering the re-valuation rate announced every year by the Ministry of Finance provided that the said ratio is not exceeded. The upper limit should not be used for the liabilities that are not settled within the same day.

**(4)** For calculation of the basis amount subject to default interest in securities defaults, the general principle is to use the price in the relevant market. . If there is no such price, the method to be used in each market shall be determined by Takasbank.

**(5)** If the outstanding liability is denominated in foreign currency, TL equivalent of the relevant cash or security shall be calculated by using CBRT exchange rates announced in respect to the relevant date. However Takasbank could decide to calculate the default interest by using the coefficients that may be differentiated for each foreign currency in case of default in the liabilities denominated in foreign currency.

(6) The opinion of the related exchange or market operator must be obtained before determining the default interest in respect to the markets to which Takasbank provides clearing and settlement service.

(7) If the default is repeated within three months, Takasbank may add 1 point to the coefficients to be determined under this article in respect to each default.

### **Accrual, notification and collection**

**ARTICLE 32 – (1)** The member in default shall be required by Takasbank to deposit the default interest calculated and accrued together with other legal liabilities within the deadlines that will be determined on a market basis as mentioned in the related Market Directive.

(2) The notification of the default interest so accrued shall be made via electronic medium in principle. Following the service of the notice via electronic medium, it shall be deemed that the member has received the notice without the need for further warning or notice to the member.

(3) The accrued default interest and other legal liabilities that are not paid on a timely basis by the member shall be collected by Takasbank on ex officio basis from the free account of the member on the following business day.

### **Compensation Payment**

**ARTICLE 33 – (1)** A certain ratio of the default interest collected from the member in default which is to be determined by Takasbank on a market basis shall be paid as compensation to the member to whom the delivery or payment could not be made due to default of former member in consideration for the days of delay in delivery or payment.

(2) The member will not be required to make a claim for the compensation payment. However the member shall notify Takasbank in writing if the member does not want to receive this compensation.

(3) If the receivables had been paid to the member within the same clearing and settlement day, compensation payment will not be provided.

(4) The conditions required for compensation payment, and the principals and procedures regarding calculation, and payment of the compensation shall be determined under the related Market Directives.

### **Objection to the accruals of default interest**

**ARTICLE 34 – (1)** The members against whom default interest is accrued may file an objection to Takasbank with the justification that default has not occurred due to their fault but has arisen from the faults of the clearing and settlement system, central custodian system or payment system or that a material error has been made in the calculation of the default interest. Such objection shall not result in or otherwise cause suspension of the payment of default interest.

(2) Such objection must be filed in writing to Takasbank no later than one week following the date of accrual for default interest, and supportive documentation must be also submitted.

**(3)** The objections shall be evaluated and decided by the Default Committee. If the objection is accepted, the default interest collected shall be refunded to the member. If the objection is rejected, the decision shall be notified to the member in writing.

#### **Default committee**

**ARTICLE 35 – (1)** A Default Committee comprising of five members who are the general manager, vice general managers and Takasbank manager responsible for the relevant market shall be created in order to evaluate and decide on the objections filed to Takasbank by the members in default. The quorum for the committee meeting shall be achieved by the attendance of minimum three members. The minimum quorum for decision shall be three affirmative votes. The members are not allowed to cast an abstaining vote. The member who cast a negative vote must mention his justification on the decision.

## **CHAPTER FIVE**

### **Collateral Principles**

#### **Membership collateral**

**ARTICLE 36 – (1)** Takasbank shall require members to pledge a lump sum amount as membership collateral to cover the losses if the member fails to fulfill its obligations relating to the entry fees, commissions, fees and other liabilities within the deadlines determined by Takasbank.

**(2)** The membership collateral shall be deposited in cash and accreted in line with the guidelines set forth under article 43 of this Regulation. The amount of collaterals to be deposited by the members shall be determined by Takasbank considering the markets in which the members are being provided clearing and settlement service.

**(3)** If the event of failure in the fulfillment of obligations to Takasbank by the members, Takasbank shall collect the relevant amount from the membership collateral. The member shall complete the amount of the membership collateral to the preceding amount within 5 business days. If the deficient amount is not completed, it shall be collected from the account of such member on ex officio basis.

**(4)** If membership has been terminated at the request of the member, the membership collateral shall be refunded provided that all outstanding liabilities of the member with Takasbank have been duly settled.

**(5)** The membership collaterals shall be monitored separately than the assets of Takasbank.

#### **Transaction collateral**

**ARTICLE 37 – (1)** The members are obliged to deposit transaction collateral to be composed of the assets mentioned in article 38 of this Regulation and in the amount to be determined on a market basis. Such collateral will be used to settle the liabilities arising from the clearing and settlement operations.

**(2)** The transaction collateral may be determined separately for each particular market that Takasbank provides clearing and settlement service, or Takasbank may

decide on the application of differentiated amounts for the particular members and capital market instruments.

**(3)** The amounts of collateral that must be deposited by the members may be determined as a lump sum or set as a ratio on the basis of the markets and capital market instruments or portfolio-based collateralization may be applied considering the risk reducing effects of the correlations between different assets held under the same account.

**(4)** The amounts of transaction collateral so calculated shall be announced to the members by Takasbank.

**(5)** The amount of transaction collaterals in the markets to which Takasbank provides clearing and settlement service shall be determined after the opinion of the relevant exchange or market operator.

**(6)** Takasbank shall continuously monitor the sufficiency of the amount or ratio of the transaction collateral, and may revise the collateral levels after assessing the current market conditions.

#### **Assets that could be accepted as transaction collateral**

**ARTICLE 38 – (1)** The assets that may be accepted as transaction collateral shall those assets that are deemed as proper by Takasbank for the related markets among the assets listed below:

- a) Cash (Turkish Lira/Convertible foreign currency)
- b) Time deposits
- c) Government debt securities
- ç) Equities
- d) Letter of guarantee
- e) Investment fund participation certificate
- f) Euro Bonds issued by the Treasury of Republic of Turkey
- g) Lease certificates issued by Asset Leasing Incorporation of the Under Secretariat of Treasury of Republic of Turkey.
- ğ) Gold in the standard that is traded in the exchanges.

#### **Pledge of transaction collaterals**

**ARTICLE 39 – (1)** The transaction collateral shall be deposited to the accounts to be determined by Takasbank.

**(2)** In consideration for the positions taken by their clients, the members shall claim the transaction collateral from their clients in such an amount sufficient to meet the ratio or amount determined by Takasbank as minimum.

**(3)** The composition of the collaterals to be provided by the clients and the date of deposit for each market shall be determined under the related Market Directives.

**(4)** The transaction collaterals shall be monitored separately than the assets of the members and of Takasbank.

#### **Margin calls**

**ARTICLE 40 – (1)** Takasbank shall monitor the adequacy of the transaction collaterals. If the amount of the transaction collaterals is below the amount



determined by Takasbank due to the transactions performed at the market, changes in the asset prices provided as collateral and in the composition of collaterals or other reasons, Takasbank makes a margin call to the member to complete the insufficient amount.

**(2)** In principle, the call to complete the collateral shall be made electronically. After sending the notification electronically, it shall be deemed that the member has received the margin call without the need for further warning or notice to the member.

**(3)** In the event that the obligation to complete the collateral is not fulfilled within the deadline determined by Takasbank, the member shall be deemed to be in default and the provisions of this Regulation governing default principles shall be applied.

### **Valuation of the transaction collaterals**

**ARTICLE 41 – (1)** Takasbank may accept the assets that are mentioned in article 38 on a market basis and are deemed as proper by Takasbank as collateral by reducing them with a coefficient to be set considering certain issues such as liquidity and market risk.

**(2)** If the assets accepted as collateral are traded in the exchanges, valuation of these assets shall be based on the weighted average price occurring on the last transaction day in the exchange. However if Takasbank decides that the price formation in the last transaction day is not reliable due to sudden developments in the stock exchanges or if the assets are not traded for a period in excess of 5 business days, Takasbank may determine a different valuation basis. The coupon payments in respect to the debt instruments including the debt instruments issued by the Treasury shall be taken into consideration in the determination of the price that will be used in the valuation process.

**(3)** The collaterals provided in convertible foreign currency shall be valued by CBRT exchange rates.

**(4)** The principles to be applied in case of negative conditions experienced in the valuation price formations, that are mentioned in the second paragraph of this article and the valuation rules to be applied if the assets provided as collateral are not traded in the exchanges shall be determined under the related Market Directive.

### **Utilization of the transaction collaterals**

**ARTICLE 42 – (1)** The collaterals shall be utilized in order to settle the liabilities of the members against other members arising due to the clearing and settlement operations.

**(2)** The collaterals may not be utilized for any purpose other than the purpose of deposit and no attachment or pledge may be established on these collaterals even for public receivables and such collaterals shall not be effected from the liquidation decisions of the administrative authorities and shall not be included into the bankruptcy estate and no cautionary injunction may be imposed onto such collaterals.

### **Accretion of the cash transaction collaterals**

**ARTICLE 43 – (1)** Following the deduction of such part of the cash transaction collateral provided in Turkish Lira by the members in order to fulfill statutory provision, the balance shall be made subject to accretion in line with the guidelines to be set forth by the board of directors. Taxes and legal liabilities and Takasbank commission shall be deducted from the gross amounts to be obtained after accretion.

### **Collateral contracts**

**ARTICLE 44 – (1)** The collateral contracts involving the capital market instruments that are registered as book entry forms at Central Registry Agency shall be concluded in writing. The ownership of the capital market instruments that are made subject to such collateral contracts may be transferred to Takasbank in line with the relevant legal procedure depending on the specific contract or may be retained by the collateral provider.

**(2)** In case of collateral contracts under which the ownership was transferred to Takasbank, Takasbank shall become the owner of the relevant capital market instruments upon the execution of the collateral contract.

**(3)** In case of collateral contracts where the ownership of the capital market instruments, which are accepted by Takasbank as collateral and are registered on book entry basis by Central Registry Agency, is retained by the member, the scope of utilization for these capital market instruments, including the sale thereof shall be determined under the contract.

### **Exercising the rights arising from the collaterals**

**ARTICLE 45 – (1)** The rights arising from the assets that are provided as collateral shall belong to the collateral provider unless it is otherwise mentioned in the contract. The provisions of article 47 of the Law shall be reserved.

### **Return of transaction collaterals**

**ARTICLE 46 – (1)** The transaction collaterals shall not be returned to the member unless all clearing and settlement liabilities owed to other members are settled in full. Takasbank shall be entitled to have recourse to the collaterals provided by the members in order to settle the liabilities owed to other members.

**(2)** If the collaterals are to be returned, such return may be made in kind as well as in fungible. All legal responsibilities arising from the failure of the member in taking back the collateral although the said member has become entitled to return shall be borne by the member and no responsibility may be imposed on Takasbank due to this reason.

**(3)** The principles and procedures to be applicable for the return of collaterals shall be determined under the relevant Market Directives on a market basis.

## CHAPTER SIX

### Guarantee Fund Principles

#### Guarantee fund

**ARTICLE 47 – (1)** Takasbank may set up a guarantee fund to prevent the prospective delays in the clearing and settlement system or to be used in case of failure by the members in the settlement of their liabilities arising in the clearing and settlement system. The Board may statutorily request the development of a guarantee fund in respect to the specific exchanges to which service is provided or markets opened in other organized marketplaces or in respect to the specific traded capital market instruments. The administration and representation of this fund shall be discharged by Takasbank.

**(2)** A common guarantee fund may be established for a certain part or for all of the markets to which clearing and settlement service is provided by Takasbank or a separate guarantee fund may be established for each particular market. However the guarantee fund to be established in respect to the services provided under the provisions of the third paragraph of article 22 of the General Regulation shall be developed separately than other markets.

**(3)** The assets that may be deposited as guarantee fund contribution shall be determined by Takasbank on a market basis among the assets listed in article 38.

**(4)** The provisions of the regulation that is issued by the Board with regard to the central counterparty shall be applied to the guarantee fund that is developed in respect to the markets where Takasbank acts as the central counterparty.

#### Guarantee fund contributions

**ARTICLE 48 – (1)** If a guarantee fund is decided to be set up, the members' guarantee fund contributions shall consist of normal contributions and additional contributions to be deposited if so requested. In case of utilization or decrease of the normal contributions due to any reason, a margin call shall be made to increase the preceding amount. Additional contributions may be claimed when it is determined the guarantee fund is insufficient. The additional contribution that may be claimed may not be in excess of the normal contribution.

**(2)** Takasbank shall set a minimum limit in respect to the normal contributions to be deposited by the members to the guarantee fund. Generally, the contributions to be deposited by the members to the guarantee fund shall be determined pro rata to the risks arising from the transactions performed by the members. The principles and procedures regarding this issue shall be determined under the related Market Directives.

**(3)** The contributions may be determined separately for each market to which Takasbank provides clearing and settlement service, or Takasbank may decide on the application of differentiated amounts on the basis of particular members or capital market instruments.

**(4)** The amount of the guarantee fund contributions to be deposited in the markets to which Takasbank provides clearing and settlement service shall be determined after taking the opinion of the related exchange or market operator.

### **Deposit of the contributions**

**ARTICLE 49 – (1)** The members shall provide the contributions by depositing relevant amounts to the accounts determined by Takasbank within the deadlines to be determined by Takasbank on market basis.

**(2)** It is general principle that the contributions to be deposited by the members to the guarantee fund are paid by using the assets owned by the members.

**(3)** The composition of the assets which should be deposited as contributions by the members in specific markets may be differentiated by Takasbank considering the relevant risk in particular markets.

### **Failure at the payment of contributions**

**ARTICLE 50 – (1)** The provisions of this Regulation governing defaults shall be applied against the members who failed to pay the contributions within the deadlines determined by Takasbank or within 3 business days following the date of receipt of the relevant notice in cases where additional contributions are claimed from the member.

**(2)** In case there is probability of a systemic risk that arise from the failure in the fulfillment of obligations due to extraordinary developments in the markets to which Takasbank provides clearing and settlement service, Takasbank may collect the contributions of the member on ex officio basis by using the member's accounts with Takasbank except for the collaterals provided by the clients and membership collaterals, in the event that the members fail to settle their liabilities relating to the contributions within the deadlines determined under the first paragraph,

### **Valuation of the contributions**

**ARTICLE 51 – (1)** Takasbank may accept the assets that are mentioned in article 38 on a market basis and are deemed as proper by Takasbank as guarantee fund contribution by reducing them with a coefficient to be set considering certain issues such as liquidity and market risk.

**(2)** If the assets accepted as contributions are traded in the exchanges, valuation of these assets shall be based on the weighted average price occurring on the last transaction day in the exchange. However if Takasbank decides that the price formation in the last transaction day is not reliable due to sudden developments in the exchanges or if the assets are not traded for a period in excess of 15 business days, Takasbank may determine a different valuation basis. The coupon payments in respect to the debt instruments including the debt instruments issued by the Treasury shall be taken into consideration in the determination of the price that will be used in the valuation process.

**(3)** The contributions provided in foreign currency shall be valued by CBRT exchange rates.

**(4)** The principles to be applied in case of negative conditions experienced in the valuation price formations, that are mentioned in the second paragraph of this article, and the valuation rules to be applied if the assets provided as collateral are not traded in the exchanges shall be determined under the related Market Directive.

### **Accretion of the contributions**

**ARTICLE 52 – (1)** Following the deduction of such part of the cash guarantee fund contributions provided in Turkish Lira by the members to fulfill the statutory provision, the remaining balance shall be accreted in line with the guidelines to be set forth by the board of directors. Taxes and legal liabilities and Takasbank commission shall be deducted from the gross amounts to be obtained after accretion.

### **Utilization of the contributions**

**ARTICLE 53 – (1)** The contributions shall be utilized in order to settle the liabilities of the members against other members arising from the clearing and settlement operations.

**(2)** The contributions may not be utilized for any purpose other than the purpose of deposit and no attachment or pledge may be established on these contribution shares even for the public receivables and such contributions shall not be effected from the liquidation decisions of the administrative authorities and shall not be included into the bankruptcy estate and no cautionary injunction may be imposed onto such contributions.

**(3)** The guarantee fund contributions of other members may be utilized only if the amount required for settlement cannot be covered by the transaction collaterals and guarantee fund contributions provided by the members.

### **Return of the contributions**

**ARTICLE 54 – (1)** The guarantee fund contributions shall not be returned to the member who resigned from membership by his own will unless all liabilities owed by the member are settled in full.

**(2)** Takasbank may reject the claims of the members for the return of the guarantee fund contributions on a temporary period after considering the prospective risks in the markets and current payment potential of the guarantee fund.

**(3)** If Takasbank decides to return the guarantee fund contributions to the member as a result of its assesment, taxes payable and other legal liabilities shall be offset with the amounts payable and the balance shall be paid to the member.

**(4)** If the guarantee fund contributions are to be returned, such return may be in kind as well as in fungible.

## **CHAPTER SEVEN**

### **Disciplinary Provisions**

#### **Types of disciplinary penalties**

**ARTICLE 55 – (1)** The disciplinary penalties that can be imposed on the members are as follows:

**a)** Warning: The member is warned in writing to act more diligently in the settlement of its liabilities.

**b)** Suspension of membership: Suspension of member's operations for a period less than three months.

**c)** Dismissal: Termination of clearing and settlement membership.

### **Actions and acts that require imposition of disciplinary penalties**

**ARTICLE 56 – (1)** The acts and actions that require imposition of disciplinary penalties are as follows:

**a)** Warning;

**1)** Negligence and carelessness in the fulfillment of the obligations imposed under this Regulation and in the compliance of the principles and rules determined by Takasbank,

**2)** Negligence and carelessness in adhering to the instructions given by Takasbank,

**3)** Failure in the supply of information and documents and of the support that was requested by the authorized personnel of Takasbank in connection with the surveillance activities that are expected to be performed by Takasbank under the General Regulation in order to ensure the safety of the clearing and settlement system,

**b)** Suspension of membership;

**1)** Failure in increasing the amount of or completing the guarantee fund contributions and transaction collaterals within the deadlines fixed by Takasbank in cases where it is required,

**2)** Existence of important risks in the clearing and settlement operations of the member which may jeopardize the safe and continuous operation of the clearing and settlement system,

**3)** Failure in implementing the measures requested by Takasbank due to extraordinary conditions as per the provisions of article 62 of this Regulation,

**4)** Imposition of more than three warning penalties during any calendar year.

**c)** Dismissal;

**1)** Appearance of risks that may jeopardize the safe operation of the clearing and settlement system despite the measures taken by Takasbank or similar risks developing to such extent that positive results cannot be expected from the said measures,

**2)** Failure of the member to cease its breaches that resulted in the imposition of suspension penalty, during the maximum period allowed for suspension.

### **General provisions for the application of penalties**

**ARTICLE 57 – (1)** The warning penalty shall be imposed by the General Manager. The penalties of suspension and dismissal shall be decided by the Board of Directors of Takasbank.

**(2)** The clearing and settlement operations of the relevant member may be ceased as a precaution, with a decision to be taken by the Board of Directors until the conclusion of the disciplinary investigation in the event that continuance of the clearing and settlement operations of the member who is subject to a disciplinary investigation due to an action that requires the suspension of or dismissal from membership may result in extensive losses in the clearing and settlement system that is irremediable. Such decision shall be notified immediately to the Board and to the related market operators.

**(3)** The disciplinary penalty shall be escalated to the next upper degree if the member has committed another act that requires the same penalty during the time period determined for deregistration of the penalties under the provisions of article 60 of this Regulation, following the imposition of a disciplinary penalty to the member. The provisions of the fourth sub-clause of clause (b) of the first paragraph of article 56 of this Regulation shall be reserved.

**(4)** The decisions for suspension of or dismissal from membership shall be notified immediately to the Board and to the related exchange and market operators. The right to resume its transactions in the market shall be subject to the discretion of the exchange or market operator.

#### **Disciplinary committee and its duties**

**ARTICLE 58 – (1)** A Disciplinary Committee shall be composed of one chairman and four members to be elected among Takasbank managers by the Board of Directors of Takasbank in order to provide assistance to the Board of Directors in the execution of the disciplinary investigations prescribed under this Regulation. The term of office for the Disciplinary Committee shall be two years. The quorum for the committee meetings shall be achieved by the attendance of minimum three members. The minimum quorum for decision shall be attained with three affirmative votes. The members are not allowed to cast an abstaining vote. The member who casts a negative vote must mention his justification on the decision.

**(2)** The committee shall be entitled and delegated to conduct the reviews in connection with the disciplinary crimes mentioned in this regulation and to submit the report prepared after this review for the approval of the General Manager or Board of Directors according to the nature of the specific disciplinary penalty.

#### **Execution of the disciplinary investigation**

**ARTICLE 59 – (1)** The disciplinary investigation shall be commenced on ex officio basis by Takasbank or with the decision of the General Manager upon the notification of the related exchange or market operator. The Disciplinary Committee shall commence the procedures to be implemented under the relevant disciplinary case file no later than ten days following the notification of the decision of General Manager ordering the commencement of investigation.

**(2)** It is statutory that written defense of the member is requested in the investigation process by granting to the member minimum fifteen days following the date of receipt by the member of the accusation notice. The member who fails to submit its defense within that period shall be deemed to have waived from the right of defense. The committee may invite the member or its representatives on ex officio basis or at the request of the member subject to investigation in order to listen to him during the investigation process. The committee may reject to hear the

members or representatives who failed to respond to that call without any acceptable excuse.

**(3)** Following conclusion of the investigation, the Committee shall submit the relevant report for the approval of the General Manager in respect to the members who will be imposed warning penalty or shall submit the same for the approval of the Board of Directors in respect to the members who will be imposed suspension of or dismissal from membership.

**(4)** The Board of Directors or General Manager may adopt the Committee's report without any revisions or may render a different decision. The Board of Directors shall take its decision on the investigation after considering the applicable legislation, current market practices and rules of justice.

**(5)** The board members may not attend to and vote in the board meetings in which decisions involving a member with whom the board member has employment or partnership relation will be taken.

**(6)** The decision shall be sent by means of registered mail to the known addresses of the relevant parties within three business days following the rendering of decision, or served by hand against signature.

#### **Registration and deregistration of the disciplinary penalties**

**ARTICLE 60 – (1)** The disciplinary penalties shall be entered to the register of the relevant member.

**(2)** If the member does not commit any disciplinary crime within one year following the finalization date of the penalty except for dismissal, the previous penalties entered to the member's register shall not be taken as a basis in the determination of repetition.

## **CHAPTER EIGHT**

### **Miscellaneous Provisions**

#### **Fees and commissions**

**ARTICLE 61 – (1)** The provisions of article 35 of the General Regulation shall be applied on the fees and commissions to be charged by Takasbank against its members in respect to the services provided under this Regulation.

**(2)** The Board Resolution of Takasbank for the fees and commissions that had been submitted to the approval of the Board pursuant to the provisions of the first paragraph of article 35 of the General Regulation shall come into effect if the Board does not present a negative opinion within 30 days. In case of deficiencies in information and documents submitted by Takasbank on the application or in case of a requirement to submit additional information or documents or to make further studies, Takasbank shall be informed and shall be requested to complete the said deficiencies within the deadline to be determined by the Board. In such a case, the period of 30 days shall be commenced on the date on which such deficient or additional information, documents or studies were submitted to the Board.



### **Extraordinary situations**

**ARTICLE 62 – (1)** Takasbank is entitled to determine the measures to be taken and to immediately implement these measures if, under its determination, extraordinary situations that may make a negative impact to the clearing and settlement process. Takasbank shall notify such measures and implementations to the Board and to any other competent authorities.

### **Markets in which Takasbank acts as the central counterparty**

**ARTICLE 63 – (1)** The regulation to be issued by the Board in respect to the central counterparty shall be applicable in the markets in which Takasbank acts as the central counterparty.

### **Regulative Provisions**

**TRANSITIONAL ARTICLE 1 – (1)** The members, that are counterparty to the clearing and settlement services provided by Takasbank as of the date of publication of this Regulation, shall adapt to and comply with the obligations prescribed under this Regulation within 6 months following the publication date of this Regulation.  
(2) If the member fails to fulfill these obligations due to reasons that are not attributable to the member, Takasbank shall be entitled to extend the period prescribed under the first paragraph up to 6 months.

### **Existing contracts**

**TRANSITIONAL ARTICLE 2 – (1)** The contracts already signed by Takasbank with the exchanges and markets or those legal relations already established on another basis for the provision of clearing and settlement service shall be renewed within 6 months if deemed as necessary in order to adapt to and comply with the General Regulation and this Regulation. The contracts already signed shall be applicable in the period until such renewal is made.

### **Existing fees and commissions**

**TRANSITIONAL ARTICLE 3 – (1)** The fees and commissions currently charged by Takasbank shall continue to be applicable. It shall be deemed that the requirements of article 61 of this Regulation have been duly met until a revision is suggested for these fees and commissions.

### **Market directives**

**TRANSITIONAL ARTICLE 4 – (1)** Market Directives shall be prepared within 6 months following the publication date of this Regulation. This period may be extended at the discretion of the Board. Existing regulations shall continue to be applicable until relevant Market Directives come into effect.

### **Entry into force**

**ARTICLE 64 – (1)** This regulation shall enter in the force on the date of its publication.

**Execution**

**ARTICLE 65 – (1)** The provisions of this Regulation shall be executed by the Board of Directors of Takasbank .

*“Translation for information purpose. Only the Turkish version is legally binding”*