

Porting Collateral and Positions

Takasbank has established the relevant infrastructure for the porting collateral and positions taking into consideration the national and international regulations and has differentiated the processes and business rules as pre-default and post-default.

The principles in relation to the porting the collateral and positions in the markets where Takasbank provides CCP service have been in general regulated in the CCP Regulation, Article 26. The market specific regulation regarding the porting collateral and positions are laid down in the relevant Market Directive and Procedures.

In pre-default porting, the positions and associated collateral accounts pertaining to the customer may be ported by Takasbank to the accounts that shall be opened by the transferee upon the transferor member's consent and approval following the written request that the customer shall make to its associated member. Takasbank carries out the porting process in light of the transferee member's compliance with limits and position limits.

In the event of default, it is stipulated that, the positions and collateral in the individual customer accounts which are held in accounts associated with the defaulted member shall be ported in 24 hours following the default notice without the additional consent of the defaulted member if there is a prior arrangement with respect to designation of the transferee member. The 24 hours period has been determined to protect the investors who assist in the prior designation of a backup member subject to Takasbank internal regulation. Until the end of the 24 hours Takasbank shall take no "default management action" with respect to the investors' position and collateral "apart from porting". In the event that porting can not be completed within the 24 hours, other measures may be taken.

In the absence of designation of a transferee member, the porting process may be carried out indefinitely if an agreement is reached between the defaulted member and the CCP member who desires to be the transferee or such member is found by the customers or Takasbank. However in this regard the search for porting alternatives should not obstruct Takasbank's closing out the position by using the relevant collateral. In this process Capital Market Board's instructions concerning the defaulted member shall be crucial. As Takasbank's legal respondent in CCP services is the member, in the absence of a prior designation with respect to the porting, without the member's or the liquidation office's consent, establishing a transaction in line with the customers' requests is possible only through the instructions that Capital Markets Board shall provide on the matter.

Takasbank may obstruct the withdrawal of the collateral by the transferee member until Takasbank records concerning ported positions and collateral and the defaulted member's records are reconciled.