

İstanbul, 22/02/2018

General Letter:1408

Energy and Commodity

Clearing & Settlement Team

Subject: Amendments to Istanbul Settlement and Custody Bank Inc. Procedure on Electricity Market Cash Settlement and Collateral Management Service Principles

Related Participants: Electricity Market Members

Dear General Manager,

Within the scope of cash settlement and collateral management services (Service) provided to Electricity Market (Market) at Energy Exchange Istanbul; by taking into account the requests of Market members, business rules in the fulfillment of the collateral deficits, collateral evaluation coefficients and collection of the membership commissions have been amended. In this framework, table of amendments to *Istanbul Settlement and Custody Bank Inc. Procedure on Electricity Market Cash Settlement and Collateral Management Service Principles (Procedure)* is attached.

Amendments which have been made at the Procedure will take effect on 26.02.2018 and updated Procedure is accessible at our web sites under “*Rules and Regulations*” heading:

<https://www.takasbank.com.tr/en/rules-and-regulations/procedures>

Respectfully submitted for your information and further action.

Sincerely yours,

**TAKASBANK
ISTANBUL SETTLEMENT AND CUSTODY BANK INC**

**Gökhan ELİBOL
Executive Vice President**

**Mahmut KAYACIK
CEO
Board Member**

Annex: Table of Amendments (1 page)

Annex: Procedure Change Comparison Table

Current	New	Explanation																														
<p>Transaction collateral Article 27-</p>	<p>Transaction collateral Article 27- (4) For the participants who have insufficient collateral, balance at their current accounts at Takasbank are used in order to update the collateral level without the need for margin call.</p>	<p>For Electric market members a survey was made at 15.11.2017 and the results of the survey were evaluated. 85% of the participants presented their opinion for the use of free accounts amounts to complete the collaterals. Revision on the subject has been completed and amendments in this framework are processed.</p>																														
<p>Article 29 - (1) The following collateral evaluation coefficients are applied for the assets that are accepted as collateral.</p> <table border="1" data-bbox="111 659 766 1027"> <thead> <tr> <th>Collateral Type</th> <th>Evaluation Coefficients</th> </tr> </thead> <tbody> <tr> <td>Cash</td> <td>1.00</td> </tr> <tr> <td>FX Cash (USD, EUR)</td> <td>0.95</td> </tr> <tr> <td>Treasury Bill</td> <td>0.90</td> </tr> <tr> <td>Government Bond</td> <td>0.80</td> </tr> <tr> <td>FX Linked Government Bond</td> <td>0.80</td> </tr> <tr> <td>Letter of guarantee (TL)</td> <td>1,00</td> </tr> <tr> <td>FX Letter of guarantee (Euro and USD)</td> <td>0,95</td> </tr> </tbody> </table>	Collateral Type	Evaluation Coefficients	Cash	1.00	FX Cash (USD, EUR)	0.95	Treasury Bill	0.90	Government Bond	0.80	FX Linked Government Bond	0.80	Letter of guarantee (TL)	1,00	FX Letter of guarantee (Euro and USD)	0,95	<p>Article 29 - (1) The following collateral evaluation coefficients are applied for the assets that are accepted as collateral.</p> <table border="1" data-bbox="814 659 1465 992"> <thead> <tr> <th>Collateral Type</th> <th>Evaluation Coefficients</th> </tr> </thead> <tbody> <tr> <td>Cash</td> <td>1.00</td> </tr> <tr> <td>FX Cash (USD, EUR)</td> <td>0.95</td> </tr> <tr> <td>Trasury Bill & Government Bond</td> <td>0.91</td> </tr> <tr> <td>FX Linked Government Bond</td> <td>0.83</td> </tr> <tr> <td>Letter of guarantee (TL)</td> <td>1,00</td> </tr> <tr> <td>FX Letter of guarantee (Euro and USD)</td> <td>0,95</td> </tr> </tbody> </table>	Collateral Type	Evaluation Coefficients	Cash	1.00	FX Cash (USD, EUR)	0.95	Trasury Bill & Government Bond	0.91	FX Linked Government Bond	0.83	Letter of guarantee (TL)	1,00	FX Letter of guarantee (Euro and USD)	0,95	<p>Improvements in evaluation coefficients have been made for Government Domestic Debt Securities.</p>
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<p>Membership collaterals and characteristics Article 34 - (1) Participants are required to present 1000 –TL collateral amount for the commissions of Takasbank in return of cash settlement and collateral management services. After the commissions are paid, if the collateral amount is under 1000 –TL, then the participants should complete the insufficient amount. Membership collaterals are not accrued.</p>	<p>Membership collaterals and characteristics Article 34 - (1) Participants are required to present 1000 –TL collateral amount for the commissions of Takasbank in return of cash settlement and collateral management services. After the commissions are paid, if the collateral amount is under 1000 –TL, then the participants complete the insufficient amount. Insufficient membership collaterals are collected from the current accounts of members by Takasbank. Membership collaterals are not accrued.</p>	<p>Amendments about the collection of the insufficient membership collaterals from the current accounts of members are processed.</p>																														