



General Letter: 1412
Markets Department /Securities Lending Markets Team

Istanbul, 09/03/2018

Subject: About the Procedure On The Application Principles of Takasbank Securities Lending Market

Reference: Brokerage Houses
Banks

Dear General Manager,

Currently, in accordance with the Procedure on the Application Principles of Takasbank Securities Lending Market, for a delisted security, in the case of non-fulfilment of security obligation, default provisions could not be applied until the business day following the end of the delisting.

Within the framework of the situation mentioned above, in order to carry out default process more effectively, the changes in **“Default Provisions”** titled article 46 of the Procedure on the Application Principles of Takasbank Securities Lending Market is made.

Mentioned changes, which will come into use in **12/03/2018**, is enclosed, and at the same time, **“Procedure on the Application Principles of Takasbank Securities Lending Market”**, updated with said changes, is accessible via our website (www.takasbank.com.tr).

Respectfully submitted for your kind information and further action.

Sincerely Yours,

TAKASBANK
ISTANBUL CLEARING, SETTLEMENT AND CUSTODY BANK INC.

Gökhan ELİBOL
Executive Vice President

Mahmut KAYACIK
CEO and Board Member

Article 46- Default Provision

OLD	NEW
<p>(5) In case of default, return of the security is essential. If Takasbank fails to return the security on the maturity date due to the failure of the borrower to deliver the relevant security on time, the lender's right to claim the value of the security shall be reserved. Takasbank shall try to accommodate the security subject to the lending from the borrower, or the market on the next business day following the maturity date. To that end, it may grant extra time to the borrower until 11:30 of the next business day following the maturity date, without prejudice to the default provisions, to deliver the security it owes. Upon accommodation of the security either in part or in whole, it shall be returned to the lender within two business days at the latest. If the security is failed to be obtained from the member, or the market or can only be partially obtained, a payment up to the amount of undelivered portion shall be made by the borrower to the account of the lender until 16:30 of the next business day following the maturity date, provided that the market value of the security has been claimed by the lender either on the maturity date or until 16:00 of the next business day. For the calculation of the amount to be paid, the market value calculated for the relevant security at the end of the maturity date shall be taken as the basis.</p>	<p>(5) In case of default, return of the security is essential. If Takasbank fails to return the security on the maturity date due to the failure of the borrower to deliver the relevant security on time, the lender's right to claim the value of the security shall be reserved. Takasbank shall try to accommodate the security subject to the lending from the borrower, the market, or default purchase on the next business day following the maturity date. To that end, it may grant extra time to the borrower until 11:30 of the next business day following the maturity date, without prejudice to the default provisions, to deliver the security it owes. Upon accommodation of the security either in part or in whole, it shall be returned to the lender within two business days at the latest. If the security is failed to be obtained from the member, the market, or default purchase, or can only be partially obtained, a payment up to the amount of undelivered portion shall be made by the borrower to the account of the lender until 16:30 of the next business day following the maturity date, provided that the market value of the security has been claimed by the lender either on the maturity date or until 16:00 of the next business day. For the calculation of the amount to be paid, the market value calculated for the relevant security at the end of the maturity date shall be taken as the basis.</p>
<p>(6) In cases where the security is failed to be returned by Takasbank to the lender, and if no cash consideration is claimed by the lender, Takasbank shall try to accommodate the relevant security from the markets, within five business days after the maturity date on a best effort basis. If the security is again failed to be obtained within this time period, the highest market value of the undelivered portion of the security subject to the lending to be calculated for the days to be elapsed from the maturity date to the end of the following fifth business day shall be credited to the account of the lender and the lending transaction thereof shall be terminated.</p>	<p>(6) In cases where the security is failed to be returned by Takasbank to the lender, and if no cash consideration is claimed by the lender, Takasbank shall try to accommodate the relevant security from the markets, or default purchase within five business days after the maturity date on a best effort basis. If the security is again failed to be obtained within this time period, the highest market value of the undelivered portion of the security subject to the lending to be calculated for the days to be elapsed from the maturity date to the end of the following fifth business day shall be credited to the account of the lender and the lending transaction thereof shall be terminated.</p>
<p>(8) If the security subject to the lending is delisted during the default, the provisions of the fifth, sixth and seventh paragraphs shall be executed on the next business day following the end of such delisting. However, if the delisting exceeds 5 business days, the liquidation operations shall be completed on the next business day thereof in accordance with the relevant paragraphs.</p>	<p>"It is repealed."</p>