

EQUITY AND DEBT SECURITIES CLEARING AND SETTLEMENT DEPARTMENT

Subject: Directive and Procedure on Istanbul Settlement and Custody Bank Inc, Borsa Istanbul, Equity Market Clearing and Settlement and Central Counterparty Principles

Related Parties: Brokerage Houses, Banks

Dear General Manager,

As is known, within the frame of the statements in the 58th article, titled as Temporary Provisions, of the "Directive of Equity Market Clearing and Settlement and Central Counterparty Principles" approved by the Capital Markets Board (CMB);

- The letters of guarantee can be accepted as collateral and guarantee fund contribution during 1 year as of the date the service of Central Counterparty (CCP) in Equity Market is given,
- At the end of the first year, current letters of guarantee are no longer accepted as collateral and guarantee fund contribution,
- The members are responsible for changing their letters of guarantee to another type/s of collateral/s during this period, it was announced to our members via the General Letter of our bank dated 09/05/2017 and numbered 1353 that since one-year period after the date of the CCP service given by our Bank is expired on 19/06/2018, the current letters of guarantee will no longer be accepted as collateral and guarantee fund contribution and will not accepted to collateral evaluation.

Since the date of BISTECH go-live of the Debt Securities Market ve Precious Metal Market is close to the expiry date of the acceptance of the letters of guarantee, in order to ease our members' risk and collateral management in all markets, it was assessed that the time extension with regard to the acceptance of the letters of guarantee accepted in the Equity Market, was appropriate and therefore an application was made to the Capital Markets Board and the Central Bank of the Republic of Turkey.

It is approved by the Capital Markets Board and the Central Bank of the Republic of Turkey that the letters of guarantee are continued to be accepted as collateral and guarantee fund in Equity Market until 31/12/2018.

Within this framework; update has been made in Directive and Procedure of Istanbul Settlement and Custody Bank Inc, Borsa Istanbul, Equity Market Clearing and Settlement and Central Counterparty Principles, and the regulations will be effective as of the date of 22/05/2018.

Changes made in Directive and Procedure is given in Appendix as a summary, and the latest version of Directive and Procedure can be reached in our web site: (<http://www.takasbank.com.tr>)

Kindly submitted for your information,

Regards,

TAKASBANK

ISTANBUL SETTLEMENT AND CUSTODY BANK INC.

GÖKHAN ELİBOL

EXECUTIVE VICE PRESIDENT

MAHMUT KAYACIK

CEO BOARD MEMBER

Appendix: Comparative Change Table (1 pages)

Istanbul Settlement and Custody Bank. Inc. Borsa Istanbul Equity Market Directive on Clearing and Settlement and Central Counterparty Service Amendment Table

| Article Content-Old | Article Content-New |
|---|---|
| <p>Temporary Provisions ARTICLE 58 - (1) Letters of guarantee may be accepted as collaterals and guarantee fund contributions during the one-year period from the start date of provision of CCP service at the Market. At the end of the first year, the current letters of guarantee shall no longer be considered as collaterals and guarantee fund contributions. Members are liable to change their letters of guarantee with one or more of the other collateral types within this period. Related principles and procedures are specified in the Procedure.</p> | <p>Temporary Provisions ARTICLE 58 - (1) Letters of guarantee may be accepted as collaterals and guarantee fund contributions until 31/12/2018. As of 01/01/2019, the current letters of guarantee shall no longer be considered as collaterals and guarantee fund contributions. Members are liable to change their letters of guarantee with one or more of the other collateral types within this period. Related principles and procedures are specified in the Procedure.</p> |

Istanbul Settlement and Custody Bank. Inc. Borsa Istanbul Procedure On Equity Market Clearing and Settlement and Central Counterparty Service Principles Amendment Table

| Article Content-Old | Article Content-New |
|--|---|
| <p>ARTICLE 92 -Temporary Provisions (1) Guarantee letters can be accepted as collateral and guarantee fund contribution amount for a period of 1 year after the date on which the CCP service is started to be provided in the Market.</p> <p>(2) The outstanding guarantee letters shall lose their qualification for being collateral and guarantee fund contribution amount at the end of one year. The members are obliged to replace their guarantee letters by one or several of other collateral types during this time period.</p> <p>(9) Letters shall be accepted as collateral by Takasbank upon receipt from the issuer bank’s Head Office of a written confirmation for the letter and the signature circular of those signing the confirmation letter.</p> | <p>ARTICLE 92 -Temporary Provisions (1) Guarantee letters can be accepted as collateral and guarantee fund contribution amount by the date of 31/12/2018.</p> <p>(2) The outstanding guarantee letters shall lose their qualification for being collateral and guarantee fund contribution amount as of 01/01/2019. The members are obliged to replace their guarantee letters by one or several of other collateral types during this time period.</p> <p>(9) Letters shall be accepted as collateral by Takasbank upon receipt from the issuer bank’s Head Office of a written confirmation for the letter and the signature circular of those signing the confirmation letter. Moreover, the letters shall be accepted as collateral in case that there is an active risk record in the issuer bank as a result of query performed on the “Letter of Guarantee Status Inquiry” system developed by the Kredi Kayıt Bürosu.</p> |