

Istanbul, 12/06/2018

General Letter: 1436

TEFAS TEAM

Subject: About the improvements made on Turkey Electronic Fund Distribution Platform (TEFAS)

Related Participants: Brokerage Houses
Banks
Participation Banks
Portfolio Management Companies

Dear CEO,

The activities conducted under the scope of improvement of TEFAS service are continued according to the market requirements and the requests received from you. In this context, arrangements have been made to add Gold and Foreign Exchange to the collaterals for the purpose of diversification of transaction processes in TEFAS and TEFAS collaterals of investment funds that have fund participation units in their portfolio. Under the scope of the said arrangements, TEFAS Implementation Principles have been revised and approved by our Bank's Board of Directors no. 345 dated 29 March 2018.

The improvements made are summarised below;

- It has been ensured that the share movements related with TEFAS transactions of the investment funds that have fund participation units in their portfolios can be executed directly over their custody accounts held at Takasbank. With this improvement, the instructions will be transmitted to the system by the distribution institutions using the investment fund's account number as with the current practice; and the security transactions/movements will be executed directly over the fund accounts held at Takasbank while the cash transactions will be executed over the distribution institutions' accounts as with the current practice.
- The collaterals for foreign exchange may be provided in US Dollars and Euros.
- As gold collateral, gold in the standard traded on the Stock Exchange will be accepted. In relation to gold deposition process, our members are required to firstly transfer the gold constituting the subject matter of collateral to their member sub-account connected with Takasbank TEFAS collateral account held at Borsa Istanbul A.Ş. (Istanbul Stock Exchange) Precious Metal and Precious Stones Market within working hours. After such transfer, the collaterals will be transferred by Takasbank to our Bank's TEFAS system.
- The valuation haircuts of 0.86 and 0.94 shall be used for Gold and for USD and Euro, respectively.

- The transactions related with deposition/withdrawal of such collaterals shall be executed over the “Transactions/Collateral Transactions/Collateral Deposition-Withdrawal” screens.

The said arrangements will be put into application on **18 June 2018**; and the “Implementation Principles of Turkey Electronic Fund Distribution Platform” containing detailed information on such arrangements shall be made available via our Bank’s website (www.takasbank.com.tr) as of the same date.

Respectfully submitted for your 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