

Istanbul, 24/09/2018

General Letter : 1459
Equities and Debt Instruments
Clearing & Settlement Team

Subject : Borsa Istanbul A.Ş. Swap Market Clearing, Settlement and Central Counterparty Services

Related Parties : Banks

Dear General Manager,

As is known, with the aim of addressing to the financial sector participants especially the banks, preparations regarding the establishment of the Swap Market (Market) which is the globally most active market in the financial markets, have commenced on 27/08/2018. The announcement with regards to the fact that our Bank as the CCP, will carry out the clearing and settlement process and render the risk and collateral management services in conformity with the globally best practices have been made to our members.

Preparations regarding the establishment of the market within Borsa Istanbul A.Ş and provision of the CCP services by our Bank are on the verge of completion and "Istanbul Clearing, Settlement and Custody Bank Inc. - Borsa Istanbul Swap Market Directive on Clearing and Central Counterparty Service Principles" has been approved by the Capital Markets Board of Turkey in the meeting dated 20/09/2018 numbered 43 and as per the approval, it has been deemed as appropriate that our Bank renders the CCP services.

Within this context, further details as per the clearing, settlement and CCP services to be rendered by our Bank are here below.

A. Membership

In conjunction with the operation of the Market, our members should submit the "Borsa Istanbul Swap Market Central Counterparty and Clearing and Settlement Operations Participant Agreement and the information form related to above mentioned agreement having been obtained from our Member Relations Department by 28/09/2018. It is compulsory that aforementioned documents and agreements should be delivered with wet signature signed by the broadest authorized signatories. Samples of membership application documents may be accessed through our website via (<https://www.takasbank.com.tr/tr/uyelik/swap-piyasasi>)

Trade limits shall be announced in writing to the Institutions fulfilling the abovementioned procedures and being accepted to the CCP membership.

B. System Rules and Regulations

"Istanbul Clearing, Settlement and Custody Bank Inc. - Borsa Istanbul Swap Market Draft Directive on Clearing and Central Counterparty Service Principles" which comes into effect upon the market operation date and covering the membership, clearing, settlement, risk management and

default processes is approved by the Capital Markets Board of Turkey on 20/09/2018 and published in our website via (<https://www.takasbank.com.tr/en/rules-and-regulations/directives>)

“Borsa Istanbul Inc. Swap Market Clearing and Settlement and Central Counterparty Service Principles” covering the market operation rules will be published and announced to the members with an additional announcement.

C. Fees and Commissions

With an aim of contributing to the market development, our Bank applied to the Capital Markets Board of Turkey regarding that no additional fee be charged except for the cash interest accrual fee.

Clearing, settlement and collateral custody fee table approved by the CMB in the meeting numbered 27 and dated 07/10/2016 and to be effective as of the market operation date is presented herebelow.

Service Name	Service Description	Fee Base	Fee/Rate	Explanation
Swap Market Clearing and Settlement Commission	It is collected on the number of transactions conducted on Swap Market within Borsa Istanbul.	Transaction Volume	No fee will be charged until 31.03.2019.	
Collateral Custody Commission	Custody commission based on total of Turkish Lira collateral amount and the total of foreign currency collateral amount at Swap Market	Collateral Amount	No fee will be charged until 31.03.2019.	
Custody Fee-Government Domestic Debt Securities	Service fee charged for the safekeeping services for Government Domestic Debt Securities(GDDS) and liquidity bills held at Takasbank.	Nominal Value (per annum)	No fee will be charged until 31.03.2019.	
Swap Market TRY Cash Transaction Colleteral Interest Accrual Commission	Fee charged to Members operating at Borsa Istanbul Swap Market for accretion on cash TRY collateral	Gross Accrued Interest Amount	5% (5 percent)	Collected together with the BITT and other legal obligations, during the transfer of accrued interest to the participant accounts next workday.

Swap Market TRY Cash Guarantee Fund contributions Interest Accrual Commission	Fee charged to Members operating at Borsa Istanbul Swap Market for accreation on cash TRY Guatantee Fund	Gross Accrued Interest Amount	5% (5 percent)	Collected together with the BITT and other legal obligations, during the transfer of accrued interest to the participant accounts next workday.
Membership Colleteral Interest Accrual Commission (*)	Fee collected from cash Turkish Lira membership collateral accreation of institution of Swap Market Members	Gross Accrued Interest Amount	5% (5 percent)	Collected together with the BITT and other legal obligations, during the transfer of accrued interest to the participant accounts next workday.

(*)While institutions who have already paid Debt Securities Membership Collateral are exempt from Swap Market Membership Collateral, institutions who are not member of Debt Securities Market but member of Swap Market are obliged to pay Membership Collateral in the case of membership collateral interest accrual.

Furthermore, our Bank's existing fee table related to receivables transfers via the EFT and SWIFT shall be applied.

D. Points to take into consideration regarding the market transition

- As of the transition day, in case that the TRY receivables are released to the free cash accounts of the banks, they will automatically be transferred to the TIC accounts at the book of CBRT.
- As of the transition day, the USD and EUR receivables of the banks will be automatically transferred via SWIFT to the correspondent bank accounts in case that the Correspondent Information Form signed by the broadest authorized signatories is submitted to our bank. Otherwise, SWIFT messages shall not be automatically generated and market receivables shall remain in the free accounts. These receivables shall be transferred by the members through our member screens to their correspondent accounts by themselves.
- Takasbank correspondent accounts to be used for the foreign currency obligations are herebelow. In the event that banks specify the 11YP-USD/EUR accounts IBAN number and account names in the beneficiary field in the SWIFT message, related amount shall automatically be transferred.

TAKASBANK CORRESPONDENT BANKS

Takasbank SWIFT / BIC	Currency	Correspondent Bank	Correspondent Bank SWIFT/BIC	Account No at the Correspondent Bank
TVSBTRISXXX	EUR	CITIGROUP GLOBAL MARKETS DEUTSCHLAND AG, FRANKFURT AM MAIN	CITIDEFFXXX	4115556024
TVSBTRISXXX	USD	CITIBANK NA, NEW YORK, NY	CITIUS33XXX	36892258

- Members who do not request interest accruals should submit written instruction signed by the broadest authorized signatories latest 28/09/2018. Otherwise, they shall be regarded as the other members.

Please kindly forward your questions related to the membership to the uye@takasbank.com.tr, for the clearing and settlement operations to the bat@takasbank.com.tr and risk, collateral calculation and guarantee fund questions to the mkt@takasbank.com.tr

Sincerely Yours,

TAKASBANK

ISTANBUL SETTLEMENT AND CUSTODY BANK INC.

Gökhan ELİBOL
Executive Vice President

Mahmut KAYACIK
CEO
Board Member

Appendix: Correspondent Bank Information Form (1 page)

Correspondent Bank Information Form	
Bank and Account Number Information regarding the SWAP USD/EUR receivables	
Requested Information	Explanation
Currency:	Currency of the receivables
Correspondent Bank Name	The name of the correspondent bank to which the receivable will be transferred
Correspondent Bank SWIFT (BIC) Code:	The 11-digit SWIFT/Bank Identification Code of the receiving bank's correspondent bank
Account Number at the book of the Correspondent Bank	Receiving Institution's account/IBAN information of the USD/EUR account at the book of Correspondent bank
Name of the receiving bank	Name of the bank to which the receivables shall be transferred
Receiving Bank SWIFT (BIC) Code:	11-digit SWIFT/Bank Identification Code of the bank to which the receivables shall be transferred