

Istanbul, 21/11/2018

General Letter : 1488
Equities and Debt Instruments
Clearing & Settlement Team

Subject : Borsa Istanbul A.Ş. Committed Transactions Market of Sukuk

Related Parties : Banks & Brokerage Houses

As is known; in conjunction with the Debt Securities Market BISTECH transition, Borsa Istanbul A.Ş. has been operating in the market of committed transactions market of Sukuk (Market) in the Debt Securities Market. With regards to transactions conducted in the market, our bank serves as a third party at the maturity date of transaction and has the right to withdraw from Takasbank's commitment at the maturity date of the transaction. Along with the amendment, the transactions to which the CBRT is a party, CBRT holds the right to withdraw from the commitment. Within this context;

In this context,

- Debt Securities Market Clearing and Settlement and Central Counterparty Service Principles Directive
- Borsa Istanbul Debt Securities Market Clearing and Settlement and Central Counterparty Transactions Participant Agreement (Participation Agreement) and preliminary information form,
- Debt Securities Market Clearing and Settlement and Central Counterparty Service Principles Procedure (Procedure)

Have been revised, the directive and participant agreement have been presented to the Capital Markets Board (CMB) and CBRT approval.

"Directive" has been approved by the Capital Markets Board (CMB) in the board meeting dated 15.11.2018 numbered 56 and the "Participant Agreement" has been deemed as eligible by CBRT pursuant to Article 6 of the Regulation on the activities of the Payment and Reconciliation Systems.

The provisions of the amendments to the directive and Procedure are annexed herebelow and the revised provisions of the Directive and Procedure will be effective as of 17.12.2018.

Our members requesting to trade in the market should obtain the revised Borsa İstanbul Debt Securities Market Clearing and Settlement and Central Counterparty Transactions Participant Agreement and preliminary information form from the Member Service and Support Team and submit to our Bank no later than 14.12.2018.

We kindly remind that it is compulsory for the nature of the work to send the preliminary form and the contracts signed by the authorities (wet signature), who have the authority and have no limit for the transactions in our Bank.

In the event that the new contract is not delivered until the specified date, the relevant members shall not be able to trade at the Borsa Istanbul Debt Securities Market in the Committed Transactions Market of Sukuk as of 17.12.2018. Failure to sign the contract will not constitute an obstacle to transactions in other markets of the Debt Securities Market.

Sincerely Yours,

Annex:

1. Articles amended in the Procedure (1 page)
2. Articles amended in the Directive (1 page)

TAKASBANK

ISTANBUL SETTLEMENT AND CUSTODY BANK INC.

Beyhan ARASAN
Manager

Ekrem ARIKAN
Executive Vice President

**ISTANBUL SETTLEMENT AND CUSTODY BANK INC. BORSA
ISTANBUL INC. DEBT SECURITIES MARKET PROCEDURE ON
CLEARING AND SETTLEMENT AND CENTRAL COUNTERPARTY
SERVICE PRINCIPLES AMENDMENTS**

Article Content – Current	Article Content– Recommended
<p>Committed Transactions Market of Sukuk Settlement Operations</p> <p>ARTICLE 33</p> <p>(7) Takasbank has the right to withdraw on the maturity date from either one or both of the transactions it has conducted with both members without giving any reason. No legal liability thereof shall arise on Takasbank in such a case.</p>	<p>Committed Transactions Market of Sukuk Settlement Operations</p> <p>ARTICLE 33</p> <p>(7) Takasbank has the right to withdraw on the maturity date (CBRT is exceptional if it is counterparty) from either one or both of the transactions it has conducted with both members without giving any reason. In the case of using the right of Takasbank withdrawal no legal liability thereof shall arise on Takasbank. Transactions where CBRT is counterparty, CBRT has the right to withdraw its liabilities on the maturity date.</p>
<p><i>Principles Regarding Default Procedures for Non-CCP Service-Provided Assets</i></p> <p><i>General Principles</i></p> <p>ARTICLE 73</p> <p>(5) <i>In the Committed Transactions Market of Sukuk, Takasbank shall not fall into default in the transactions to which it is a party.</i></p>	<p><i>Principles Regarding Default Procedures for Non-CCP Service-Provided Assets</i></p> <p><i>General Principles</i></p> <p>ARTICLE 73</p> <p>(5) <i>In the Committed Transactions Market of Sukuk, Takasbank shall not fall into default in the transactions to which it is a party. In the case of a default where CBRT is counterparty, responsibility of Takasbank is limited by delivering the security blocked in exchange for cash receivable and initial margin amount collected for this transaction to CBRT. Unless securities market value and initial margin collected for this transaction is adequate for CBRT's cash receivable amount, Takasbank has no further responsibility. In the case of that delivered amount does not cover CBRT's receivable, CBRT is with recourse to other participant apart from Takasbank.</i></p>

**ISTANBUL SETTLEMENT AND CUSTODY BANK INC. BORSA
ISTANBUL INC. DEBT SECURITIES MARKET DIRECTIVE ON
CLEARING AND SETTLEMENT AND CENTRAL COUNTERPARTY
SERVICE PRINCIPLES AMENDMENTS**

Article Content – Current	Article Content– Recommended
<p>Article 16- (7) For the transactions conducted in the Committed Transactions Market of Sukuk, Takasbank shall serve as the third party of the contract. Takasbank has the right to withdraw from its commitment at the maturity of the transaction. Should the right to withdraw be exercised, no legal liability shall arise for Takasbank.</p>	<p>Article 16- (7) For the transactions conducted in the Committed Transactions Market of Sukuk, Takasbank shall serve as the third party of the contract. Except for the transactions to which the CBRT is a party, Takasbank has the right to withdraw from its commitment at the maturity of the transaction. Should the right to withdraw be exercised, no legal liability shall arise for Takasbank. For the transactions to which the CBRT is a party, CBRT has the right to withdraw from its commitment at the maturity of the transaction.</p>
<p style="text-align: center;">-</p>	<p>Article 16- (10) In the event of occurrence of any default in the transactions to which the CBRT is a party, Takasbank’s liability is limited to deliver the securities blocked in exchange for the cash receivables and to deliver the initial margin received for the transaction. Should the market value of the security and the initial margin do not compensate for the cash receivable of the CBRT, there shall be no additional obligation for the CBRT. In the event of delivered amount does not compensate for the receivable of the CBRT, CBRT’s right of recourse to the parties to the transaction except for Takasbank is reserved.</p>