

Istanbul, 05/02/2019

General Letter : 1518

Equities and Debt Securities Clearing & Settlement Team

Subject : Swap Market Directive and Procedure Amendments

Related Parties : Banks

Dear General Manager,

In order to contribute to the development of the Borsa İstanbul A.Ş. Swap Market (Market), improvements on interest accrual for liabilities sent to our Bank one working day before due date for the fulfillment of foreign exchange on time to the amount of foreign currency (USD / EUR) previously deposited has been completed. In this context, the " Istanbul Settlement And Custody Bank INC. Borsa Istanbul INC. Directive On Swap Market Clearing And Settlement And Central Counterparty Service Principles" (Directive) was approved by the Capital Markets Board of Turkey on 24.01.019.

Directive and within the frame of directive updated "Istanbul Settlement and Custody Bank Inc. Procedure On Borsa İstanbul A.Ş. Swap Market Clearing And Settlement And Central Counterparty Service Principles " (Procedure) published on the our Bank's website and the implementation will be valid from 18.02.2019.

The business rules to be applied together with the implementation of the application are detailed in the Procedure and the comparison tables for the amendments to the Directive and the Procedure are attached.

We kindly request you to take necessary action,

Sincerely yours,

Istanbul Settlement and Custody Bank. Inc. Borsa Istanbul Inc. Swap Clearing and Settlement and Central Counterparty Service Principles

Article Content-Old	Article Content-New
<p>Account Structure</p> <p>ARTICLE 21</p> <p>(2) Upon completion of the membership operations; for Turkish Lira: “11-1 Account” and as to the foreign currency; for USD: “11YP-10101 Account”, for EUR: “11YP-10120 Account”, and for TL debt coverage: “SWBKT-1 Account”, for USD debt coverage: “SWBKY-10101 Account” and for EUR debt coverage: “SWBKY-10120 Account” shall be opened automatically at Takasbank.</p>	<p>Account Structure</p> <p>ARTICLE 21</p> <p>(2) Upon completion of the membership operations; for Turkish Lira: “11-1 Account” and as to the foreign currency; for USD: “11YP-10101 Account”, for EUR: “11YP-10120 Account”, and for TL debt coverage: “SWBKT-1 Account”, for USD debt coverage: “SWBKY-10101 Account” and for EUR debt coverage: “SWBKY-10120 Account”, “SWPNM 10101 Account” opened for interest accrual on the USD balances deposited beforehand and “SWPNM 10120 account” opened for interest accrual on the EUR balances deposited beforehand shall be opened automatically at Takasbank.</p>
<p style="text-align: center;">-</p>	<p>New Article</p> <p>Interest Accrual on the foreign exchange settlement obligation deposited beforehand</p> <p>ARTICLE 38</p> <p>(1) Foreign exchange settlement obligation amount (USD/EUR) being deposited by the members in advance of the value date in order to fulfill the SWAP market obligations are invested after deducting the portion to be set aside as reserve requirement, with the best effort basis conditions by Takasbank in accordance with the principles stipulated in the Procedure by taking the credit risk and liquidity conditions into consideration. The investment process is performed within the limits of Takasbank by way of depositing the amount subject to the interest to the banks as either deposit or depo and making it subject to a repo transaction. Takasbank can also place the cash collateral to the organized money markets for investment purposes. Investment may not be made in extraordinary market conditions. No interest shall be paid if the</p>

investment process is failed to be made by Takasbank due to market conditions.

- (2) Interest is accrued on the amount deposited in the related account only if the member has foreign Exchange Settlement obligation on the following day. Otherwise, no interest is accrued even the account has balances.
- (3) Interest accrual on the amount deposited beforehand is made over the balances in the related EUR/USD account of the member at 17:00. No interest is accrued on the amount credited after 17:00.
- (4) No interest is accrued on the half business days.
- (5) The amount related to the interest accrual shall not be debited up until the Settlement obligation is fulfilled.
- (6) Debit coverage is fulfilled through the balance existing in the interest accrual account by the members via Takasbank menus.
- (7) The return of the balances erroneously sent by the members is credited to the current accounts of the members by Takasbank via written instruction submitted from the members.
- (8) The balance remaining after deducting the Bank and Insurance Transaction Tax (BITT) and other legal charges and the amount to be collected by Takasbank as “collateral monitoring and interest accrual fee” at a rate proposed by Takasbank and deemed appropriate by the Board from the gross interest amounts earned from accrual of interest on the foreign exchange amount being deposited beforehand remaining after setting aside the compulsory reserve obligation, if any, shall be credited to the relevant accounts as interest.
- (9) Members not demanding interest accrual are asked not to credit the related accounts.

**Istanbul Clearing, Settlement and Custody Bank Inc. - Borsa Istanbul Swap
Market Directive on Clearing and Central Counterparty Service Principles
New Article**

Article Content-Old	Article Content-New
New Article	<p>Interest Accrual on the foreign exchange settlement obligation providing being deposited beforehand</p> <p>(1) Foreign exchange settlement obligation amount (USD/EUR) being deposited by the members in advance of the value date in order to fulfill the SWAP market obligations are invested after deducting the portion to be set aside as reserve requirement, with the best effort basis conditions by Takasbank in accordance with the principles stipulated in the Procedure by taking the credit risk and liquidity conditions into consideration. The investment process is performed within the limits of Takasbank by way of depositing the amount subject to the interest to the banks as either deposit or depo and making it subject to a repo transaction. Takasbank can also place the cash collateral to the organized money markets for investment purposes. Investment may not be made in extraordinary market conditions. No interest shall be paid if the investment process is failed to be made by Takasbank due to market conditions.</p> <p>(2) The balance remaining after deducting the Bank and Insurance Transaction Tax (BITT) and other legal charges and the amount to be collected by Takasbank as “collateral monitoring and interest accrual fee” at a rate proposed by Takasbank and deemed appropriate by the Board from the gross interest amounts earned from accrual of interest on the foreign exchange amount being deposited beforehand remaining after setting aside the compulsory reserve obligation, if any, shall be credited to the relevant accounts as interest.</p>