

Istanbul, 12/02/2019

General Letter : 1521

Equities and Debt Securities Clearing & Settlement Team

Subject : BİAS Money Market Directive and Procedure Amendments

Related Parties : Banks, Brokerage Firms

Dear General Manager,

Within the scope of the amendments made by Borsa İstanbul in Borsa Istanbul Money Market Directive announced by announcement dated 11.02.2019 and numbered 2019/8, Takasbank has completed the necessary arrangements and other related issues required by the Bank. The regulations of the Istanbul Clearing, Settlement and Custody Bank Inc. - Borsa Istanbul Money Market Directive on Clearing and Central Counterparty Service Principles (Directive) have been approved by the Capital Markets Board of Turkey with meeting dated 07.02.2019 and numbered 8.

In this context, Procedure on Istanbul Clearing, Settlement and Custody Bank Inc. - Takasbank Borsa Istanbul Money Market Clearing and Central Counterparty Principles (Procedure), which was updated within the framework of the Directive and the Directive, was published on the Bank's website and the practices will be put into effect on 13.02.2019.

The business rules to be applied together with the implementation of the applications are included in the Procedure in detail and the main issues that are regulated are given below.

- In parallel with the regulations of the Borsa İstanbul, the date and time of the settlement has been changed and the settlement of the same day valued transactions performed in the Market shall be performed on the same day (T + 0) and the future valued transactions shall be performed on the value date.
- Due to the change of settlement time on the same day value transactions, settlement start time is changed to 15.30.
- In calculation of default interest, the number of days taken as basis was changed to 365.
- Collateral and guarantee fund collected as cash from our members will be started to given interest accrual. Members who do not want get interest accrual should submit their requests in writing to our Bank.

The comparison tables for the amendments made in the Directive and the Procedure are enclosed and we kindly request that the necessary action be taken in light of this information.

Sincerely yours,

İstanbul Clearing, Settlement and Custody Bank Inc. - Borsa Istanbul Money Market

Clearing and Central Counterparty Service's Comparison Table of Procedure Changing

Article– Current	Article– Recommended												
<p>Definition and abbreviations ARTICLE 4 (1) In this Procedure the following mean;</p> <p>b) Borsa/BİAŞ: Borsa İstanbul Anonim Şirketi,</p> <p>m) Takasbank: İstanbul Takas ve Saklama Bankası Anonim Şirketi,</p> <p>n) CBRT: Türkiye Cumhuriyet Merkez Bankası Anonim Şirketi,</p>	<p>Definition and abbreviations ARTICLE 4 (1) In this Procedure the following mean;</p> <p>b) Borsa/BİAŞ: Borsa İstanbul Incorporation,</p> <p>s) Takasbank: Istanbul Settlement and Custody Bank Incorporation,</p> <p>v) CBRT: The Central Bank of the Republic of Turkey,</p>												
<p>Settlement date and time ARTICLE 13</p> <p>(1) Settlement date of Market trades is the first business day following the trade date. (T+1) However, in trades executed at the market due to default, value constraint is not sought.</p> <p>(3) The obligations are served at the following times. Otherwise default provisions are applied.</p>	<p>Settlement date and time ARTICLE 13</p> <p>(2) Settlement date of Market trades is the trade date (T+0).Future valued contracts are settled at value date. However, in trades executed at the market due to default, value constraint is not sought.</p> <p>(3) The obligations are served at the following times. Otherwise default provisions are applied.</p>												
<table border="1"><thead><tr><th>Trade type</th><th>Time</th></tr></thead><tbody><tr><td>Settlement start time</td><td>15:00</td></tr><tr><td>Settlement deadline</td><td>16:45</td></tr></tbody></table>	Trade type	Time	Settlement start time	15:00	Settlement deadline	16:45	<table border="1"><thead><tr><th>Trade type</th><th>Time</th></tr></thead><tbody><tr><td>Settlement start time</td><td>15:30</td></tr><tr><td>Settlement deadline</td><td>16:45</td></tr></tbody></table>	Trade type	Time	Settlement start time	15:30	Settlement deadline	16:45
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Collateral deadline	top-up 15:00	Collateral top-up deadline	15:00
<p>Netting-off ARTICLE 16</p> <p>(1)The value date for Market trades is the following business days. (T+1)</p>		<p>Netting-off ARTICLE 16</p> <p>(1)). Same day valued and future valued transactions shall be performed at the market.</p>	
<p>Setting-off between markets ARTICLE 19</p> <p>(5) It is mandatory that cash set-off instructions are transmitted to Takasbank electronically;</p> <p style="padding-left: 40px;">a) Between Borsa Istanbul Money Market and Equity Market/ Debt Instruments Market/ Equity Repo Market latest until 14:30</p> <p>(6) Security set-off instructions between BIAS Debt Instruments Market and Borsa Istanbul Money Market must be transmitted to Takasbank electronically latest until 15:00.</p>		<p>Setting-off between markets ARTICLE 19</p> <p>(5) It is mandatory that cash set-off instructions are transmitted to Takasbank electronically;</p> <p style="padding-left: 40px;">a) Between Borsa Istanbul Money Market and Equity Market/ Debt Instruments Market/ Equity Repo Market latest until 15:30</p>	
<p>Pre-trade risk management ARTICLE 24</p> <p>(3) Pre-trade risk parameter is determined by Takasbank using at least 1-year data set and 99.5% confidence level and reviewed quarterly also in light of market conditions. If deemed necessary, Takasbank may revise pre-trade risk parameter without waiting for the end of 3-month period in line with the market conditions. The determined parameter is announced with a general letter.</p>		<p>Pre-trade risk management ARTICLE 24</p> <p>(3) Pre-trade risk parameter is determined by Takasbank using at least 1-year data set and 99.5% confidence level and reviewed monthly also in light of market conditions. If deemed necessary, Takasbank may revise pre-trade risk parameter without waiting for the end of one month period in line with the market conditions. The determined parameter is announced with a general letter.</p>	
<p>Initial Margin, Instant of the Trade and Post-trade Risk Management ARTICLE 25</p> <p>(5) Initial margin is calculated by Takasbank by using at least 1-year data set and 99.5% confidence level, and is reviewed every quarter in light of market conditions. If deemed necessary, Takasbank may revise initial margin without waiting for the end of the 3-month period in light of market conditions. The set parameter is announced via general letter.</p> <p>(6) Funds supplied to the market may be considered as collateral, at a ratio to be set by Takasbank, for transactions that that the same</p>		<p>Initial Margin, Instant of the Trade and Post-trade Risk Management ARTICLE 25</p> <p>(5) Initial margin is calculated by Takasbank by using at least 1-year data set and 99.5% confidence level, and is reviewed every month in light of market conditions. If deemed necessary, Takasbank may revise initial margin without waiting for the end of the one-month period in light of market conditions. The parameter based on the initial margin can be differentiated on the basis of maturity groups..The set parameter is announced via general letter.</p> <p>(6) Funds supplied to the market could be considered as collateral, at a ratio to be set by</p>	

<p>group again shall execute at the Market.</p> <p>(7) Collateral conversion parameter showing the ratio for use funds supplied to the Market as collateral, is set by Takasbank in light of market conditions and reviewed every quarter, If considered necessary, Takasbank may revise collateral conversion parameter in line with market conditions without waiting for the end of three month period. The set parameter is announced with a general letter.</p> <p>(9) Before transfer of borrowed amount to borrowing account, margin adequacy is checked by Takasbank. Settlement dues are distributed to accounts short of margin to the extent of their margin adequacies by discounting with “the rate employed in calculating short margin receivable lock-up“(distribution of dues parameter). Distribution of dues parameter is determined in light of market conditions, reviewed quarterly. If deemed necessary, Takasbank may revise in line with market conditions without waiting for the end of 3 months period. The set parameter is announced with general letter.</p> <p>(10) Margin adequacy for accounts, including margin requirement for T+1 value trades, is calculated at the end of the day and reflected onto member screens. Margin top-up deadline is following business day 15 :00 (including 15:00) . After this time, default provisions are applied for accounts short of margin.</p>	<p>Takasbank, for transactions that that the same group again shall execute at the Market.</p> <p>(7) Collateral conversion parameter showing the ratio for use funds supplied to the Market as collateral, is set by Takasbank in light of market conditions and reviewed every month, If considered necessary, Takasbank may revise collateral conversion parameter in line with market conditions without waiting for the end of three month period. The set parameter is announced with a general letter.</p> <p>(9) Before transfer of borrowed amount to borrowing account, margin adequacy is checked by Takasbank. Settlement dues are distributed to accounts short of margin to the extent of their margin adequacies by discounting with “the rate employed in calculating short margin receivable lock-up“(distribution of dues parameter). Distribution of dues parameter is determined in light of market conditions, reviewed monthly. If deemed necessary, Takasbank may revise in line with market conditions without waiting for the end of one month period. The set parameter is announced with general letter.</p> <p>(10) Margin adequacy for accounts is calculated at the end of the day and reflected onto member screens. Margin top-up deadline is following business day 15 :00 (including 15:00) . After this time, default provisions are applied for accounts short of margin.</p>
	<p>Collateral deposit and withdrawal transactions ARTICLE 34 7) The last hours of depositing and withdrawing on the basis of collateral are as follows.</p>

	Full Day Deposit Deadline	Half Day Deposit Deadline	Full Day Withdrawal Deadline	Half Day Withdrawal Deadline
Cash Turkish Lira	18:15	12:45	15:40	11:40
Convertible Foreign Currency (USD/EUR/GBP)	18:15	12:45	18:15	12:45
Government Domestic Debt Securities	18:15	12:45	18:15	12:45
Lease certificates issued by the Republic of Turkey Undersecretariat of Treasury, Asset Leasing Company	18:15	12:45	18:15	12:45
<p>8) The last hours for depositing and withdrawing collateral except for Turkish Lira are for transfers between accounts at Takasbank. The relevant payment system / custodial institution's operation business rules apply for transfers from outside or from Takasbank.</p>				
<p>New ARTICLE Accrual of Interest On Cash Collateral And Guarantee Fund Contribution Amounts ARTICLE 34/A (1)The collateral and guarantee fund contributions in cash Turkish Lira deposited by the members are value over the amount remaining after deducting the portion to be maintained as compulsory reserve, with the best possible conditions by Takasbank by taking the credit risk and liquidity conditions into consideration. The accrual 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 interest accrual purposes. Interest accrual may not be made in extraordinary market conditions. Should the interest accrual be failed to be made by Takasbank due to the market conditions, no interest shall be paid. (2) The interest accrual process of trade margin and guarantee fund contributions is performed over the member's Turkish Lira-denominated cash collateral balances at 15:40. No interest shall be accrued on cash Turkish Lira collateral deposited after 15:40 to Takasbank as collateral. Interest accrual deadline on half business days is 11:40 and no interest shall be</p>				

	<p>accrued on Turkish Lira collateral deposited after that time.</p> <p>(3)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 amount of collateral and guarantee fund contributions remaining after setting aside the compulsory reserve obligation, if any, shall be credited to the relevant accounts as interest.</p> <p>(4)Members wishing no interest should convey their request to Takasbank in writing.</p>
<p>Default Interest ARTICLE 42</p> <p>(3) The amount of default interest applicable to the member who fell into default, is the amount unmet obligation calculated based on highest of the O/N weighted average interest rates atBIAS Repo, Reverse Repo Market, BIAS Interbank Repo/Reverse Repo Market, CBRT Interbank Money Market or Takasbank Money Market, treated with the following multiples.</p> <p>(8) Default Interest is calculated with the following formula;</p> <p>Base amount * (Benchmark interest/100 * multiple) * (days/360).</p>	<p>Default Interest ARTICLE 42</p> <p>(3) The amount of default interest applicable to the member who fell into default, is the amount unmet obligation calculated based on highest of the O/N weighted average interest rates at BIAS Repo, Reverse Repo Market, , CBRT Interbank Money Market or Takasbank Money Market, treated with the following multiples.</p> <p>(8) Default Interest is calculated with the following formula;</p> <p>Base amount*(Benchmark interest/100*multiple)* (days/365).</p>

İstanbul Clearing, Settlement and Custody Bank Inc. - Borsa Istanbul Money Market

Clearing and Central Counterparty Service's Comparison Table of Directive Changing

Article Content-Old	Article Content-New
<p>Settlement date and time ARTICLE 12 (1) The value date of transactions executed at the Market is the first business day following trade date. (T+1)</p>	<p>Settlement date and time ARTICLE 12 (1) Transactions conducted in the Market shall be settled on the same day. (T+0) Settlement of the future-dated transactions shall be performed on the value date.</p>
<p>Assets eligible for margin and guarantee fund contribution share ARTICLE 23 (1) The following assets may be used by members to serve margin requirements. Takasbank Board of Directors is authorized to accept other assets set in Central Counterparty Regulation, article 19 as margin or guarantee fund contribution share and change group limit and sub-group limits.</p> <p>a) Cash TRY b) Convertible FX, c) Government domestic borrowing security (DIBS), d) Lease Certificates Issued by T.C. Hazinesi Varlık Kiralama A.Ş e) Mortgage bonds, mortgage backed bonds, assets backed securities, asset guaranteed securities f) Borsa İstanbul "C" group shares</p> <p>(5) The date and criteria of which the mortgage bonds, mortgage backed bonds, assets backed securities, asset guaranteed securities and Borsa İstanbul C group shares shall be accepted as collateral is determined in the procedure</p> <p>Collateral composition limits ARTICLE 25</p>	<p>Assets eligible for margin and guarantee fund contribution share ARTICLE 23- (1) The following assets may be used by members to serve margin requirements. Takasbank Board of Directors is authorized to accept other assets set in Central Counterparty Regulation, article 19 as margin or guarantee fund contribution share and change group limit and sub-group limits.</p> <p>a) Cash TRY b) Convertible FX, c) Government domestic borrowing security (DIBS), d) Lease Certificates Issued by T.C. Hazinesi Varlık Kiralama A.Ş e) Mortgage bonds, mortgage backed bonds, assets backed securities, asset guaranteed securities f) Borsa İstanbul "C" group shares g) Government Foreign Debt Securities (Eurobond) h) Gold in the standard traded in the Exchange</p> <p>(5) The date and criteria of which the mortgage bonds, mortgage backed bonds, assets backed securities, asset guaranteed securities, Borsa İstanbul C group shares, Government Foreign Debt Securities (Eurobond), Gold in the standard traded in the Exchange shall be accepted as collateral is determined in the procedure</p> <p>Collateral composition limits ARTICLE 25</p>

Article Content-Old

(1) The ratios provided in the following table is applied for other assets eligible as collateral besides TRY cash and composition limits in relation to these. Takasbank is authorized to determine composition limits for new assets that may be accepted as collateral by Board of Directors and change composition limits including those determined by the Directive.

Assets Eligible as Collateral	Group Limit	Sub-group Limit (As Group Limit Percentage)
Cash (TL)	Maximum %100	-
Convertible FX(USD/EUR)	Maximum%100	-
DİBS (Government Domestic Borrowing Securities)	Maximum%100	-
Lease Certificates Issued by T.C. Hazine Varlık Kiralama A.Ş.	Maximum%100	-
Mortgage bonds, mortgage backed bonds, assets backed securities, asset guaranteed securities	Maximum %50	40 %
Borsa İstanbul "C" group shares	Maximum%50	-

Article Content-New

(1) The ratios provided in the following table is applied for other assets eligible as collateral besides TRY cash and composition limits in relation to these. Takasbank is authorized to determine composition limits for new assets that may be accepted as collateral by Board of Directors and change composition limits including those determined by the Directive.

New Article**Interest accrual on cash collateral and guarantee fund contributions****ARTICLE 28/A**

(1) Turkish Lira collateral and guarantee fund contributions deposited by the members 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.

(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 amount of collateral and guarantee fund contributions remaining after setting aside the compulsory reserve obligation, if

Article Content-Old	Article Content-New
	any, shall be credited to the relevant accounts as interest.