

Equities and Debt Securities Clearing & Settlement Department

Subject: Istanbul Settlement and Custody Bank INC. Borsa Istanbul INC. Debt Securities Market Directive on Clearing and Settlement and Central Counterparty Principles and Procedure Changes

Related Parties: Brokerage Firms, Banks

Dear General Manager,

In order to pay redemption and coupon payments of securities traded in Borsa Istanbul Debt Securities Market as gold type and arrangements in “Istanbul Settlement and Custody Bank INC. Borsa Istanbul INC. Debt Securities Market Directive on Clearing and Settlement and Central Counterparty Principles” within the frame of the abolition of Borsa Istanbul Interbank Repo Reverse Repo Market are approved on the meeting of Capital Markets Board dated 07.03.2019 and numbered 13

In this context, Directive and updated within the frame of Directive “Borsa Istanbul Inc. Debt Securities Market Clearing and Settlement and Central Counterparty Service Principles Procedure” are published on our bank website.

Comparison tables based on the changes in the Directive and the Procedure are attached and kindly submitted for your information.

Sincerely Yours,

TAKASBANK

ISTANBUL SETTLEMENT AND CUSTODY BANK INC.

Gökhan ELİBOL
Executive Vice President

Mahmut KAYACIK
CEO
Board Member

Appendix:

- 1- Comparison Table of changes in Directive (1 page)
- 2- Comparison Table of Changes in Procedure (4 pages)

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

Article– Previous	Article– Current
<p>Netting ARTICLE 22 (4) Transactions conducted in the Outright Purchases and Sales Market, Offering Market for Qualified Investors and Repo Market for Specified Securities and the securities to be received due to repo redemptions in all sub-markets are netted off and the net payable or receivable is calculated on a security basis. Except for the chain transactions, securities purchased by reverse repo from the Repo-Reverse Repo Market, Negotiated Repo Deals Market and the Interbank Repo-Reverse Repo Market at the Exchange shall not be included in netting. These assets are kept blocked until the redemption date in the “On-Exchange Reverse Repo Collateral Depo Account” of the relevant member at Takasbank.</p>	<p>Netting ARTICLE 22 (4) Transactions conducted in the Outright Purchases and Sales Market, Offering Market for Qualified Investors and Repo Market for Specified Securities and the securities to be received due to repo redemptions in all sub-markets are netted off and the net payable or receivable is calculated on a security basis. Except for the chain transactions, securities purchased by reverse repo from the Repo-Reverse Repo Market and Negotiated Repo Deals Market at the Exchange shall not be included in netting. These assets are kept blocked until the redemption date in the “On-Exchange Reverse Repo Collateral Depo Account” of the relevant member at Takasbank.</p>
<p>Repo-Backed Securities Reporting ARTICLE 25</p> <p>(1) The capital market instruments reported as security for the transactions conducted in the Repo Reverse-Repo Market and in the Interbank Repo Reverse-Repo Market can be used by the members until 15:00 (11:50 at Half-day), whereas upon written request of the member after that time if it is deemed appropriate by Takasbank and on condition that the settlement of the transaction has been completed, without prejudice to the default provisions.</p> <p>(3) The principles for calculating the nominal amount of the securities to be delivered in the Reverse-Repo Market and in the Interbank Repo Reverse-Repo Market are given below.</p>	<p>Repo-Backed Securities Reporting ARTICLE 25</p> <p>(1) The capital market instruments reported as security for the transactions conducted in the Repo Reverse-Repo Market can be used by the members until 15:00 (11:50 at Half-day), whereas upon written request of the member after that time if it is deemed appropriate by Takasbank and on condition that the settlement of the transaction has been completed, without prejudice to the default provisions.</p> <p>(3) The principles for calculating the nominal amount of the securities to be delivered in the Reverse-Repo Market are given below.</p>
<p>Asset Settlement (for TL-denominated assets) ARTICLE 29 (6) Receivables arising from the Negotiated Repo Deals Market, Repo-Reverse Repo Market and Interbank Repo Reverse-Repo Market transactions are transferred to and kept blocked in the member’s “On- Exchange Reverse Repo Blockage Depo” account at Takasbank until the maturity date of the</p>	<p>Asset Settlement (for TL-denominated assets) ARTICLE 29 (6) Receivables arising from the Negotiated Repo Deals Market and Repo-Reverse Repo Market transactions are transferred to and kept blocked in the member’s “On- Exchange Reverse Repo Blockage Depo” account at Takasbank until the maturity date of the transaction.</p>

transaction. The assets held in these accounts cannot be transferred to another account. However, they can be made subject to a chain transaction at the Exchange and/or transferred to another investment institution's "Reverse Repo Custody Blockage Depo" account at Takasbank.

The assets held in these accounts cannot be transferred to another account. However, they can be made subject to a chain transaction at the Exchange and/or transferred to another investment institution's "Reverse Repo Custody Blockage Depo" account at Takasbank.

**Default Interest
ARTICLE 66**

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(3) The defaulting member shall be charged a default interest up to the amount to be calculated over the non-fulfilled obligation amount based on the haircuts given in the following table by applying the highest of the weighted average overnight interest rates formed in BİAŞ Repo Reverse-Repo Market, BİAŞ Interbank Repo Reverse-Repo Market, CBRT Interbank Money Market or Takasbank Money Market.

(3) The defaulting member shall be charged a default interest up to the amount to be calculated over the non-fulfilled obligation amount based on the haircuts given in the following table by applying the highest of the weighted average overnight interest rates formed in BİAŞ Repo Reverse-Repo Market, CBRT Interbank Money Market or Takasbank Money Market.

OBLIGATION TYPE	TIME INTERVAL	HAIR CUT
CASH / ASSET (TL - USD - EUR)	16:46-17:00	0,25
	17:01-17:30 (17:30 included)	0,5
	After 17:31 with same day value	3
	After the value date	3
Security Allocation for Repo	After 15:00 (15:00 included)	0,05
Repo-Reverse Repo Market and Repo Market for Specified Securities Coupon Redemptions	16:46-17:00 (17:00 included)	0,25
	17:01-17:30 (17:30 included)	0,5
	After 17:31 with same day value	3
	After the value date	3

OBLIGATION TYPE	TIME INTERVAL	HAIR CUT
CASH / ASSET (TL - USD - EUR)	16:46-17:00	0,25
	17:01-17:30 (17:30 included)	0,5
	After 17:31 with same day value	3
	After the value date	3
Security Allocation for Repo	After 15:00 (15:00 included)	0,05
Repo-Reverse Repo Market and Repo Market for Specified Securities Coupon Redemptions	16:46-17:00 (17:00 included)	0,25
	17:01-17:30 (17:30 included)	0,5
	After 17:31 with same day value	3
	After the value date	3

Rights Exercising Operations
ARTICLE 86

(1) The transactions relating to exercise of rights (redemption/coupon payments) of the debt securities safekept at Takasbank are performed by Takasbank.

a) Redemption and coupon proceeds of the foreign currency-payable debt securities are paid to the member's account at the correspondent bank.

c) The coupon payments made to the securities received by way of reverse-repo from the Repo Reverse- Repo Market, Interbank Repo Reverse-Repo Market, Negotiated Repo Reverse-Repo Market and Repo Market for Specified Securities are paid backed in the following manner over Takasbank system to the repo-party member.

i. For the transactions conducted in the Repo Reverse-Repo Market, Interbank Repo Reverse- Repo Market and Negotiated Repo Reverse-Repo Market; the coupon payment is transferred by Takasbank at first to the repo-party member's RIBLA blockage account and then to its free current account upon closing of its settlement debts by the member without requiring any instruction thereof.

Rights Exercising Operations
ARTICLE 86

(1) The transactions relating to exercise of rights (redemption/coupon payments) of the debt securities safekept at Takasbank are performed by Takasbank.

a) In the event that redemption and/or coupon payments in Debt Securities Market are paid as Turkish Lira and Foreign Currency, payments are made to member's account at Takasbank; paid as Gold, they are made to member's account at Borsa Istanbul Precious Metal and Diamond Market.

c) The coupon payments made to the securities received by way of reverse-repo from the Repo Reverse- Repo Market, Negotiated Repo Reverse-Repo Market and Repo Market for Specified Securities are paid backed in the following manner over Takasbank system to the repo-party member.

i. For the transactions conducted in the Repo Reverse-Repo Market and Negotiated Repo Reverse-Repo Market; the coupon payment is transferred by Takasbank at first to the repo-party member's RIBLA blockage account and then to its free current account upon closing of its settlement debts by the member without requiring any instruction thereof.

ISTANBUL SETTLEMENT AND CUSTODY BANK INC.

BORSA ISTANBUL INC. DEBT SECURITIES MARKET CLEARING AND COUNTERPARTY SERVICE'S COMPARISON TABLE OF DIRECTIVE CHANGING

Article– Previous	Article– Current
<p>Default interest ARTICLE 49</p> <p>(3) The defaulting member shall be charged a default interest up to the amount to be calculated over the non-fulfilled obligation amount based on the haircuts set forth in the Procedure by applying the higher of the weighted average overnight interest rates formed in BİAŞ Repo Reverse-Repo Market, BİAŞ Interbank Repo Reverse-Repo Market, CBRT Interbank Money Market or Takasbank Money Market.</p>	<p>Default interest ARTICLE 49</p> <p>(3) The defaulting member shall be charged a default interest up to the amount to be calculated over the non-fulfilled obligation amount based on the haircuts set forth in the Procedure by applying the higher of the weighted average overnight interest rates formed in BİAŞ Repo Reverse-Repo Market, CBRT Interbank Money Market or Takasbank Money Market.</p>
<p>Transactions Relating to Exercise of Rights ARTICLE 54</p> <p>(2) Redemption and coupon proceeds of the foreign currency payable debt securities are paid to the member's account at the correspondent bank.</p>	<p>Transactions Relating to Exercise of Rights ARTICLE 54</p> <p>(2) In the event that redemption and/or coupon payments in Debt Securities Market are paid as Turkish Lira and Foreign Currency, payments are made to member's account at Takasbank; paid as Gold, they are made to member's account at Borsa Istanbul Precious Metal and Diamond Market.</p>