

General Letter: 1567

İstanbul, 09/07/2019

CENTRAL COUNTERPARTY DEPARTMENT

Subject: The values that the banks will use in calculating the capital adequacy ratio for the risks related to the qualified transactions with the Central Counterparties

Concerned: Banks

Dear CEO,

Our Bank, having obtained the status of 'Central Clearing House' based on the Transitional Article 8 of the Capital Markets Law numbered 6362 as it is known, has been granted by the Capital Markets Board under Article 78 of the same Law, as “*Central Counter Party*” at Borsa İstanbul Istanbul Futures and Options Market (BIAS FOM), Takasbank Securities Lending Market (SLM), Borsa İstanbul Money Market (BIAS MM), Borsa İstanbul Debt Securities Market (BIAS FI) and Borsa Istanbul SWAP Market.

On the other hand, in Annex 4 of the Regulation on the Measurement and Assessment of the Capital Adequacy of Banks, published in the Official Gazette on October 23, 2015 and to enter into force on 31 March 2016, the Banking Regulation and Supervision Agency determined data required to calculate the capital requirement for the risks arising from CCPs, related reporting processes and the criteria for the transactions against CCPs that must be fulfilled in order to be accepted as “qualified”.

In Turkey, Takasbank, along with its CCP rules and operations, has been declared by Capital Market Board on 23/03/2016 as “qualified CCP” complying with CCP related legislation and Principles for Financial Market Infrastructures issued by CPMI-IOSCO. This declaration was announced to the public on the same day. In the letter dated 28/03/2016 and addressed to our bank it was stated that Takasbank was a “qualified CCP” in the framework of Basel 3 of the BIS (Bank for International Settlements. In letter, CMD was in the opinion that exposure of banks in Turkey against Takasbank to be regarded as 'qualified transaction' within the framework of Annex 4 of the Banking Regulation and Supervision Agency regulation on capital requirement and this opinion was already notified to the BRSA in the letter dated 25/03/2016 and numbered 3558.

In this context, Annex 1 is attached to this letter in order that banks located in Turkey could calculate their “qualified transactions” at Borsa İstanbul Istanbul Futures and Options Market, Takasbank Securities Lending Market, Borsa İstanbul Money Market, Borsa İstanbul Debt Securities Market and Borsa İstanbul SWAP Market within the framework of Annex 4 of the Regulation on Measurement and Assessment of Banks' Capital Adequacy. Annex attached is also in compliant with BIS Basel 3 regulations and may be used in solo or consolidated capital requirements calculations by banks headquartered at abroad if the supervisory authorities of the countries where they are established directly accept the “Qualified CCP” announcement of the other third country supervisory authorities.

The calculations are based on market data as of 28/06/2019. If no extraordinary developments occur, the next calculation is planned to be made on the last business day of September 2019.

We ask for your kind information.

Respectfully,

TAKASBANK
İSTANBUL CLEARING AND CUSTODY BANK
INC

N. BURAK AKAN
DIRECTOR

Gökhan ELİBOL
DEPUTY CEO
BOARD MEMBER

Annex 1: Hypothetical Capital Requirement and Related C-factor for BIAS Futures and Options Market, Takasbank Securities Lending Market, BIAS Money Market, BIAS Debt Securities Market and BIAS SWAP Market (as of 28/06/2019)

Hypothetical Capital Requirement and Related C-factor for *BIAS Futures and Options Market, Takasbank Securities Lending Market, BIAS Money Market, BIAS Debt Securities Market and BIAS SWAP Market* (as of 28/06/2019)

a. BIAS Futures and Options Market

Reporting currency (ISO code)	TRY
Unit (1, 1000, 1000000)	1

Key Summary Statistics

DFCCP, CCP's prefunded own resources	57,264,000 TL
DFCM, Prefunded default fund from all members	265,280,752 TL
DF', Total prefunded default fund contributions	314,742,377 TL
Average DFi^m ,	3,901,188 TL
N, number of clearing members	68
KCCP, hypothetical capital requirement	0 TL
K*CM, aggregate capital requirement for all members	411,965 TL
Beta in allocation formula	0.3528
C-factor, RW used to calculate each CM capital requirement	0.212%
Allocation scale for C-factor	By DFI

b. Takasbank Securities Lending Market

Reporting currency (ISO code)	TRY
Unit (1, 1000, 1000000)	1

Key Summary Statistics

DFCCP, CCP's prefunded own resources	1,789,000 TL
DFCM, Prefunded default fund from all members	7,243,718 TL
DF', Total prefunded default fund contributions	8,748,651 TL
Average DFi^m ,	142,033 TL
N, number of clearing members	51
KCCP, hypothetical capital requirement	0 TL
K*CM, aggregate capital requirement for all members	11,135 TL
Beta in allocation formula	0.4987
C-factor, RW used to calculate each CM capital requirement	0.234%
Allocation scale for C-factor	By DFI

c. BIAS Money Market

Reporting currency (ISO code)	TRY
Unit (1, 1000, 1000000)	1

Key Summary Statistics

DFCCP, CCP's prefunded own resources	805,000 TL
DFCM, Prefunded default fund from all members	16,017,350 TL
DF', Total prefunded default fund contributions	15,821,266 TL
Average DFi	500,542 TL
N, number of clearing members	32
KCCP, hypothetical capital requirement	0 TL
K*CM, aggregate capital requirement for all members	24,026 TL
Beta in allocation formula	0.8055
C-factor, RW used to calculate each CM capital requirement	0.279%
Allocation scale for C-factor	By DFI

d. BIAS Debt Securities Market (Repo Market Transactions)

Reporting currency (ISO code)	TRY
Unit (1, 1000, 1000000)	1

Key Summary Statistics

DFCCP, CCP's prefunded own resources	68,001,000 TL
DFCM, Prefunded default fund from all members	1,592,102,349 TL
DF', Total prefunded default fund contributions	1,622,196,150 TL
Average DFi	18,953,599 TL
N, number of clearing members	84
KCCP, hypothetical capital requirement	0 TL
K*CM, aggregate capital requirement for all members	2,486,712
Beta in allocation formula	0.7264
C-factor, RW used to calculate each CM capital requirement	0.272%
Allocation scale for C-factor	By DFI

e. BIAS SWAP Market

Reporting currency (ISO code)	TRY
Unit (1, 1000, 1000000)	1

Key Summary Statistics

DFCCP, CCP's prefunded own resources	38,564,000 TL
DFCM, Prefunded default fund from all members	1,244,950,830 TL
DF', Total prefunded default fund contributions	1,205,705,403 TL
Average DFi	38,904,713
N, number of clearing members	32
KCCP, hypothetical capital requirement	0 TL
K*CM, aggregate capital requirement for all members	1,867,426 TL
Beta in allocation formula	0.5498
C-factor, RW used to calculate each CM capital requirement	0.238%
Allocation scale for C-factor	By DFI