

General Letter: 1571

İstanbul, 30/07/2019

#### CENTRAL COUNTERPARTY DEPARTMENT

Subject: Regarding Procedure Amendments in the Markets where Central Counterparty Service is Provided

Concerned: Banks Brokerage Houses

Dear CEO,

As known, valuation coefficients for the asset classes accepted as collateral are reviewed periodically, tested by means of regularly performed backtests and, if necessary, are revised by Takas Istanbul. In addition, alternatives are reviewed in order to increase the efficiency in collateral management process of our members. In this context, revision has been made in valuation coefficients. Also, valuation coefficients for the debt securities accepted as collateral have been differentiated on maturity basis.

Within this framework, amendments, which shall be put into practice as of *02.08.2019*, have been made in Borsa İstanbul Inc. Debt Securities Market Procedure on Clearing and Settlement and Central Counterparty Service Principles, Borsa İstanbul Procedure on Equity Market Clearing and Settlement and Central Counterparty Service Principles, Procedure on Clearing, Settlement and Central Counterparty Service to be Provided to Borsa Istanbul Inc. Futures and Options Market, Borsa Istanbul Inc. Swap Market Procedure on Clearing and Settlement and Central Counterparty Service Principles, Borsa İstanbul Inc. Futures and Options Market, Borsa Istanbul Inc. Swap Market Procedure on Clearing and Settlement and Central Counterparty Service Principles, Borsa İstanbul Money Market Procedure on Clearing and Central Counterparty Principles and lastly, İstanbul Settlement and Custody Bank Inc. Procedure on the Application Principles of Takasbank Securities Lending Market.

Comparison tables based on the amendments in the related Procedures have presented in the annex, and the recent version of the Procedures can be reached at our Bank website: (<u>http://www.takasbank.com.tr</u>)

Respectfully submitted for your information and further action.

Sincerely yours,





### TAKASBANK ISTANBUL CLEARING AND CUSTODY BANK INC

N. BURAK AKAN DIRECTOR Gökhan ELİBOL DEPUTY CEO BOARD MEMBER

**Annex 1:** Istanbul Settlement and Custody Bank Inc. Borsa Istanbul Inc. Debt Securities Market Procedure on Clearing and Settlement and Central Counterparty Service Principles Change Comparison Table

**Annex 2:** Istanbul Settlement and Custody Bank Inc. Borsa Istanbul Procedure on Equity Market Clearing and Settlement and Central Counterparty Service Principles Change Comparison Table

**Annex 3:** Procedure on Central Counterparty Service To Be Provided By Istanbul Settlement And Custody Bank Inc. To Borsa Istanbul Inc. Futures and Options Market and the Clearing and Settlement Principles Regarding This Service Comparison Table **Annex 4:** Istanbul Settlement and Custody Bank Inc. Procedure on Borsa Istanbul Swap Market Clearing and Settlement and Central Counterparty Service Principles Change Comparison Table

**Annex 5:** Procedure on Istanbul Clearing, Settlement and Custody Bank Inc. Takasbank Borsa Istanbul Money Market Clearing and Central Counterparty Principles Change Comparison Table

**Annex 6:** Istanbul Settlement and Custody Bank Inc. Procedure on the Application Principles of Takasbank Securities Lending Market Change Comparison Table

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### Annex 1: Istanbul Settlement and Custody Bank Inc. Borsa Istanbul Inc. Debt Securities Market Procedure on Clearing and Settlement and Central Counterparty Service Principles Change Comparison Table

Article Content-Old		Article Content-New		Reason
Valuation haircuts ARTICLE 51- (3) In calculating the collateral values of the assets eligible as collateral against the central counterpart and/or clearing and settlement service, the following valuation haircuts shall be taken as a basis.		Valuation haircuts         ARTICLE 51- (3) In calculating the collateral values of the assets eligible as collateral against the central counterpart and/or clearing and settlement service, the following valuation haircuts shall be taken as a basis.		In accordance with the legislation, the coefficients used in the valuation of collaterals are reviewed at certain periods. These reviews are conducted using 5-year data set and 99.90%
Collateral Type	Valuation Haircut	Collateral TypeTurkish LiraConvertible Foreign Currency (USD)Convertible Foreign Currency (EUR)	Valuation Haircut %100 %94 %95	confidence level. As a result of the analysis, it was evaluated that the collateral valuation coefficients could
Turkish Lira	%100	Convertible Foreign Currency (GBP) Government Domestic Debt Securities	%93 0-1 Year %97 1-5 Years %93	be improved in favor of the members.
Convertible Foreign Currency (USD ) Convertible Foreign Currency (EUR )	%92	Eurobonds issued by the Republic of Turkey Ministry of Treasury and Finance (Eurobond-USD)	5 Years and more %92 Up to 5 Years %93 5-10 Years %93 10-30 Years %89 30 Years and more %86	In this context, the valuation coefficients were revised.
Convertible Foreign Currency (GBP ) GDDS	%93 %91	Eurobonds issued by the Republic of Turkey Ministry of Treasury and Finance (Eurobond- EUR)	Up to 5 Years %93 5-10 Years %91 10-30 Years %88 30 Years and more %85	
Republic of Turkey Undersecretariat of Treasury Foreign Debt Securities	%83	Lease certificates issued by the Republic of Turkey Undersecretariat of Treasury, Asset Leasing Company (Sukuks)	0-1 Year %95 1-5 Years %91 5 Years and more %90	





Sukuks issued by the Republic of Turkey Undersecretariat of Treasury, Asset Leasing Company	%88	Mortgage-backed securities, mortgage-based securities, asset-backed securities and asset-based securities	0-1 Year %95 1-5 Years %91 5 Years and more %90	
Mortgage-backed securities, mortgage-based securities, asset-	%91	Equities (from BIST-30/BIST-100) Equity Umbrella Fund Shares	BIST 30 %86 BIST 100 %82 %89	
backed securities and asset-based securities	70 9 1	Debt Securities Umbrella Fund Shares Gold in the standard traded in the Exchanges	%89 %91	
Equity (BIST100)	(BIST 30 %76, BIST 100 %70)	<i>0</i>		
Equity Umbrella Fund Shares	%82			
Debt Securities Umbrella Fund Shares	%88			
Gold in the standard traded in the Exchanges	%83			





Annex 2: Istanbul Settlement and Custody Bank Inc. Borsa Istanbul Procedure on Equity Market Clearing and Settlement and Central Counterparty Service Principles Change Comparison Table					
Article Content-Old		Article Content-New		Reason	
Valuation haircuts ARTICLE 52- (3) In calculating the collateral values of non- Turkish Lira assets to be accepted as trade margin, the following valuation haircuts shall be taken as a basis.		Valuation haircuts ARTICLE 52- (3) In calculating the collateral values of non-Turkish Lira assets to be accepted as trade margin, the following valuation haircuts shall be taken as a basis.		In accordance with the legislation, the coefficients used in the valuation of collaterals are reviewed at certain periods. These reviews are conducted using	
	Valuation Hainant	Collateral Type	Valuation Haircut	5-year data set and 99.90%	
Collateral Type	Valuation Haircut	Turkish Lira	%100	confidence level. As a result	
Turkish Lira	%100	Convertible Foreign Currency (USD)	<b>%94</b>	of the analysis, it was	
	/0100	Convertible Foreign Currency (EUR)	%95	evaluated that the collateral	
	~ ~ ~ ~	Convertible Foreign Currency (GBP)	%93	valuation coefficients could	
Convertible Foreign Currency (USD)	%92	Government Domestic Debt Securities	0-1 Year %97 1-5 Years %93	be improved in favor of the members.	
Convertible Foreign Currency (EUR)	%93		5 Years and more %92		
			Up to 5 Years %93	In this context, the valuation	
Convertible Foreign Currency (GBP)	%93	Eurobonds issued by the Republic of Turkey	5-10 Years %93	coefficients were revised.	
Conventible Poleign Currency (OBI )	70 93	Ministry of Treasury and Finance (Eurobond-USD)	10-30 Years %89		
			30 Years and more %86		
Government Domestic Debt	%91		Up to 5 Years %93		
Securities		Eurobonds issued by the Republic of Turkey	5-10 Years %91		
		Ministry of Treasury and Finance (Eurobond- EUR)	10-30 Years %88		
Republic of Turkey Undersecretariat of Treasury Foreign Debt Securities (Eurobond)	%83		30 Years and more %85		





%88	Lease certificates issued by the Republic of Turkey Undersecretariat of Treasury, Asset Leasing Company (Sukuks) Mortgage-backed securities, mortgage-based
%91	securities, asset-backed securities and asset-based securities Equities (from BIST-30/BIST-100)
	Equity Umbrella Fund Shares
	Debt Securities Umbrella Fund Shares
(BIST 30 %76, BIST 100 %70)	Gold in the standard traded in the Exchanges
%82	
%88	
%83	
	%91 (BIST 30 %76, BIST 100 %70) %82 %88



0-1 Year %95

1-5 Years %91 5 Years and more %90

0-1 Year %95

1-5 Years %91 5 Years and more %90 BIST 30 %86 BIST 100 %82 %89 %89

**%91** 



### Annex 3: Procedure on Central Counterparty Service To Be Provided By Istanbul Settlement And Custody Bank Inc. To Borsa Istanbul Inc. Futures and Options Market and the Clearing and Settlement Principles Regarding This Service Comparison Table

Comparison Table						
Article Content-Old			Article Content-New		Reason	
coefficients ARTICLE 45- ( <i>numbered 1373,</i> coefficients are ta	<ul> <li>the transaction collateral and a</li> <li>3) (Addition: Published by the dated October 05, 2017) The for aken as the basis in the calculation should be accepted a</li> </ul>	<i>General Letter</i> llowing valuation on of the collateral	Composition of the transaction collateral and the MADDE 45- (3) (Addition: Published by the General 1373, dated October 05, 2017) The following valuat taken as the basis in the calculation of the collateral assets that could be accepted as transaction collateral	ral Letter numbered tion coefficients are values of non-cash	In accordance with the legislation, the coefficients used in the valuation of collaterals are reviewed at certain periods. These reviews are conducted using	
Cash-Non-	Collateral Types	Valuation	Collateral Types	Valuation Coefficients	5-year data set and 99.90%	
Cash		Coefficients	Turkish Lira	%100	confidence level. As a result	
Cash	Turkish Lira	1,00	Convertible Foreign Currency (USD)	%94	-of the analysis, it was evaluated that the collateral	
Non-cash	Foreign Currency USD	0,92	Convertible Foreign Currency (EUR)	%95	-valuation coefficients could	
Non-cash	Foreign Currency EUR	0,93	Convertible Foreign Currency (GBP)	%93	be improved in favor of the	
Non-cash	Foreign Currency GBP	0,93	Government Domestic Debt Securities	0-1 Year %97	members.	
Non-cash	Government Domestic Debt Securities	0,91		1-5 Years %93 5 Years and more %92		
Non-cash	Lease certificates issued by the Republic of Turkey Undersecretariat of Treasury, Asset Leasing Company	0,88	Lease certificates issued by the Republic of Turkey Undersecretariat of Treasury, Asset Leasing Company (Sukuks) Mortgage-backed securities, mortgage-based securities, asset-backed securities and asset-based	0-1 Year %95 1-5 Years %91 5 Years and more %9 0-1 Year %95 1-5 Years %91	Th this context, the valuation coefficients were revised.	
Non-cash	Mortgage-backed securities, mortgage-based securities, asset-backed securities and asset-based	0,91	securities Equities (from BIST-30/BIST-100) Equity Umbrella Fund Shares	5 Years and more %90 BIST 30 %86 BIST 100 %82 %89		
Non-cash	securities Stocks (from BIST-30)	0,76	Debt Securities Umbrella Fund Shares Gold in the standard traded in the Exchanges	%89 %91	_	





Non-cash	Stocks (from BIST- 30/BIST-100)	,70			
Non-cash	Mutual Fund Participation ( Cert. (Stock intense)	0,82			
Non-cash	Mutual Fund Participation ( Cert. (Other)	),88			
Non-cash	Gold at Stock Exchange ( Trading Standards	0,83			
Eligible guara	ntee fund contribution share assets		Eligible guarantee fund contribution share assets		In accordance with the legislation, the coefficients
employed canr less than 2 bus in haircut calc insufficient or benchmarking	- (3) In the calculations, the statistical co ot be less than 99.75%, and the liquidation per iness days. It is essential that the historical of ulations is no less than 1 year. For assets, no historical data is available, haircuts are to multiples calculated for assets with similar, valuation multiples have been determined	riod employed lata to be used where there is determined by ar qualities. In	<b>ARTICLE 55-</b> (3) In the calculations, the state employed cannot be less than 99.75%, and the liquic less than 2 business days. It is essential that the hist haircut calculations is no less than 1 year. For insufficient or no historical data is available, hair benchmarking to multiples calculated for assets with framework, valuation multiples have been determined	idation period employed corical data to be used in assets, where there is ccuts are determined by a similar qualities. In this	used in the valuation of collaterals are reviewed at certain periods. These reviews are conducted using 5-year data set and 99.90% confidence level. As a result of the analysis, it was evaluated that the collateral
Cash/Non-	Contribution Share Type	Valuatio			valuation coefficients could
cash		n	Contribution Share Type	Valuation Multiple	be improved in favor of the
Cash	TRY	Multiple	Turkish Lira Convertible Foreign Currency (USD)	%100 %94	members.
Cash		1,00	Convertible Foreign Currency (EUR)	%95	
Non-cash	FX USD	0,92	Convertible Foreign Currency (GBP)	%93	
Non-cash	FX EUR	0,93		0-1 Year %97	In this context, the valuation coefficients were revised.
Non-cash	FX GBP	0,93	Government Domestic Debt Securities	1-5 Years %93	coefficients were revised.
Non-cash	Government Domestic Borrowing Securities	0,91	Mortgage-backed securities, mortgage-based	5 Years and more %92 0-1 Year %95	2
Non-cash	Mortgage-backed securities, mortgage- based securities, asset-backed securities	0,91	securities, asset-backed securities and asset-based securities	1-5 Years %91 5 Years and more %9	)
	and asset-based securities		Equity Umbrella Fund Shares Debt Securities Umbrella Fund Shares	% <b>89</b>	
Non-cash	FX Debt Instruments Umbrella Fund Shares	0,88	Deor Securities Ombrena Fund Snares	%89	
Non-cash	FX Equity Umbrella Fund Shares	0,82			





# Annex 4: Istanbul Settlement and Custody Bank Inc. Procedure on Borsa Istanbul Swap Market Clearing and Settlement and Central Counterparty Service Principles Change Comparison Table

Article Content-Old Valuation haircuts ARTICLE 31- (4) In calculating the collateral values of the assets eligible as collateral against the central counterpart and/or clearing and settlement service, the following valuation haircuts shall be taken as a basis		collateral against the central counterpart and/or clearing and settlement service,		Reason
				In accordance with the legislation, the coefficients used in the valuation of collaterals are reviewed at certain periods. These
		Collateral Types	Valuation Coefficients	reviews are conducted using 5-year data set and 99.90%
Teminat Çeşidi	Değerleme Katsayısı	Turkish LiraConvertible Foreign Currency (USD)Convertible Foreign Currency (EUR)	%100 %94 %95	confidence level. As a result of the analysis, it was evaluated that the collateral
Turkish Lira	100%	Convertible Foreign Currency (GBP) Government Domestic Debt Securities	%93 0-1 Year %97	valuation coefficients could be improved in favor of the
Convertible Foreign Currency (USD)	92%		1-5 Years %93 5 Years and more %92	members.
Convertible Foreign Currency (EUR)	93%	Eurobonds issued by the Republic of Turkey Ministry of Treasury and Finance (Eurobond-USD)	Up to 5 Years %93 5-10 Years %93 10-30 Years %89	In this context, the valuation coefficients were revised.
Convertible Foreign Currency (GBP)	93%	winistry of freasury and finance (Eurobolid-CSE)	30 Years and more %86	
GDDS	91%	Eurobonds issued by the Republic of Turkey Ministry of Treasury and Finance (Eurobond- EUR)	Up to 5 Years %93 5-10 Years %91 10-30 Years %88	
Sukuks issued by the Republic of Turkey Undersecretariat of Treasury, Asset Leasing Company	88%	Lease certificates issued by the Republic of Turkey Undersecretariat of Treasury, Asset Leasing Company (Sukuks)	30 Years and more %85 0-1 Year %95 1-5 Years %91 5 Years and more %90	
		Mortgage-backed securities, mortgage-based securities, asset-backed securities and asset-based securities	0-1 Year %95 1-5 Years %91 5 Years and more %90	





Mortgage-backed securities, mortgage- based securities, assetbacked securities and asset-based securities	91%	Gold in the standard traded in the Exchanges     %91	
Republic of Turkey Undersecretariat of Treasury Foreign Debt Securities (Eurobond)	%83		
Exchange traded gold	%83		
		Temporary Provision	It is added that the transition
		Article 58- (3) For Eurobonds issued by the Republic of Turkey Ministry of Treasury and Finance referred in Article 31 of the procedure, the valuation coefficients differing in terms of foreign currency will not be applied in the current situation and the coefficients determined for Eurobonds issued in Euro currency will be valid until the application is announced by the General Letter.	to currency differentiation application in the coefficients used in the valuation of Eurobonds will be made at a later date.





# Annex 5: Procedure on Istanbul Clearing, Settlement and Custody Bank Inc. Takasbank Borsa Istanbul Money Market Clearing and Central Counterparty Principles Change Comparison Table

Article Content-Old		Article Content-New		Reason
Valuation multiples ARTICLE 29- (2) In the calculations 99.90% statistical confidence level and 2 business days holding period are used. The minimum historical data set to use in calculations is 1 year. For assets where there is not enough or no historical data available, valuation multiples are assigned by taking multiples calculated for assets with similar specifications as benchmark.		Valuation multiples MADDE 29- (2) In the calculations 99.90% statistical confidence level and 2 business days holding period are used. The minimum historical data set to use in calculations is 1 year. For assets where there is not enough or no historical data available, valuation multiples are assigned by taking multiples calculated for assets with similar specifications as benchmark.		In accordance with the legislation, the coefficients used in the valuation of collaterals are reviewed at certain periods. These reviews are conducted using 5-year data set and 99.90% confidence level. As a result
		Collateral Type	Valuation Haircut	of the analysis, it was
		Turkish Lira	%100	evaluated that the collateral
Collateral Type	Valuation Haircut	Convertible Foreign Currency (USD)	%94	valuation coefficients could
Turkish Lira	100%	Convertible Foreign Currency (EUR) Convertible Foreign Currency (GBP)	<mark>%95</mark> %93	be improved in favor of the members.
Convertible Foreign Currency (USD )	92%	Government Domestic Debt Securities	0-1 Year %97	
Convertible Foreign Currency (EUR)	93%		1-5 Years %93 5 Years and more %92	In this context, the valuation coefficients were revised.
Convertible Foreign Currency (GBP)	93%	Eurobonds issued by the Republic of Turkey	Up to 5 Years %93 5-10 Years %93	
GDDS	91%	Ministry of Treasury and Finance (Eurobond-USD)	10-30 Years %89	
Republic of Turkey Undersecretariat of Treasury Foreign Debt Securities	83%	Eurobonds issued by the Republic of Turkey	30 Years and more %86 Up to 5 Years %93 5-10 Years %91	
Sukuks issued by the Republic of Turkey Undersecretariat of Treasury, Asset Leasing Company	88%	Ministry of Treasury and Finance (Eurobond- EUR) Lease certificates issued by the Republic of Turkey Undersecretariat of Treasury, Asset Leasing	30 Years and more %85 0-1 Year %95	
		Company (Sukuks)	5 Years and more %90	





Mortgage-backed securities, mortgage- based securities, asset-backed securities and asset-based securities	91%	Mortgage-backed securities, mortgage-based securities, asset-backed securities and asset-based securities Gold in the standard traded in the Exchanges	0-1 Year %95 1-5 Years %91 5 Years and more %90 %91	
Gold in the standard traded in the Exchanges	%83		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	
		<b>ARTICLE 1- (2)</b> For Eurobonds issued by the Republic of Turkey the Ministry of Treasury and Finance specified in Article 29 of the procedure, the valuation coefficients that differ in terms of foreign currency will not be applied in the current situation and the coefficients determined for Eurobonds issued in Euro will		It is added that the transition to currency differentiation application in the coefficients used in the valuation of Eurobonds will be made at a later date.





### Annex 6: Istanbul Settlement and Custody Bank Inc. Procedure on the Application Principles of Takasbank Securities Lending Market Change Comparison Table

Article Content-Old		Article Content-New		Reason
Collateral valuation haircuts ARTICLE 30- (1) The haircuts to be used for the collateral valuation are given below:		<b>Collateral valuation haircuts</b> <b>ARTICLE 30- (1)</b> The haircuts to be used for th below:	In accordance with the legislation, the coefficients used in the valuation of collaterals are reviewed at certain periods. These	
		Collateral Types	Valuation Haircuts	reviews are conducted using
Collateral Types	Valuation Haircuts	Turkish Lira	%100	5-year data set and 99.90%
Cash TL	1,00	Convertible Foreign Currency (USD)	<b>%94</b>	confidence level. As a result
Cash IL	1,00	Convertible Foreign Currency (EUR)	<b>%95</b>	of the analysis, it was
Cash USD	0,92	Government Domestic Debt Securities	0-1 Year %97	evaluated that the collateral
	0.02		1-5 Years %93	valuation coefficients could
Cash EURO	0,93		5 Years and more %92	be improved in favor of the members.
Treasury Bills / Government	0,91	Equities (from BIST-30/BIST-100)	BIST 30 %86 BIST 100 %82	members.
Bonds		Gold in the standard traded in the Exchanges	%91	In this context, the valuation
Stock	0,76			coefficients were revised.
Gold	0,83			
Assets accepted as eligible Guara	ntee Fund contribution amount	Assets accepted as eligible Guarantee Fund contribution amount		In accordance with the
ARTICLE 39- (1) Assets that cou	ld be accepted as Guarantee Fund			legislation, the coefficients
contribution amount and the value	ation haircuts are determined as	<b>ARTICLE 39- (1)</b> Assets that could be accepted as Guarantee Fund contribution		used in the valuation of
given below.		amount and the valuation haircuts are determined as given below.		collaterals are reviewed at certain periods. These





Types of Contribution Amount	Valuation Haircut			reviews are conducted using
Types of Contribution Amount	valuation man cut	Types of Contribution Amount	Valuation Haircut	5-year data set and 99.90%
Cash TL	1,00	Turkish Lira	%100	confidence level. As a result
		Convertible Foreign Currency (USD)	%94	of the analysis, it was
Cash USD	0,92	Convertible Foreign Currency (EUR)	<b>%95</b>	evaluated that the collateral
Cash EURO	0,93	Government Domestic Debt Securities	0-1 Year %97 1-5 Years %93	valuation coefficients could be improved in favor of the
Treasury Bills / Government Bonds	0,91		5 Years and more %92	members.
Gold in the standard traded on the	0,83	Gold in the standard traded in the Exchanges	<b>%91</b>	
Exchanges	0,85			In this context, the valuation coefficients were revised.
<b>ARTICLE 51</b> - (1) The Procedure on the Takasbank Securities Lending Market that h	<b>The procedure that has been repealed</b> <b>ARTICLE 51-</b> (1) The Procedure on the Application Principles of Takasbank Securities Lending Market that has been entered into force on 02.03.2018 has been repealed as of 02.07.2018.			
<b>Enforcement</b> <b>ARTICLE 52-</b> (1) This Procedure shall enter into force on 02.07.2018.		<b>Temporary Provision 1-</b> (1) Maturity-based valuation coefficients in government domestic debt securities specified in Articles 30 and 39 of the Procedure will not be applied in the current situation and 93% valuation coefficient will be valid in government domestic debt securities until the announcement of the implementation by General Letter.		
		<b>Enforcement</b> <b>ARTICLE 52-</b> (1) This Procedure shall enter int	to force on 02.07.2018.	

