

General Letter: 1585

İstanbul, 30/09/2019

CENTRAL COUNTERPARTY DEPARTMENT

Subject: Regarding Amendments in Cheque Clearing, Clearing, Settlement and Risk Management System Rules

Concerned: Banks

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.

Moreover, “Borsa Istanbul Interbank Repo Reverse Repo Market” has been removed from Article 37 in which interest rates used in the calculation of default interest is determined under the title of “Default Interest” in Cheque Clearing, Clearing, Settlement and Risk Management System Rules due to the closure of the relevant market at Borsa Istanbul.

Within this framework, amendments, which shall be put into practice as of **01.10.2019**, have been made in Istanbul Settlement and Custody Bank Inc. Cheque Clearing, Clearing, Settlement and Risk Management System Rules. Comparison table based on the amendments in the related System Rules has presented in the annex, and the recent version of the System Rules can be reached at our Bank website in the section “Rules & Regulations”.

Respectfully submitted for your information and further action.

Sincerely yours,

TAKASBANK
İSTANBUL CLEARING AND CUSTODY BANK
INC

Serkan AŞKAR
EXECUTIVE VICE
PRESIDENT

Gökhan ELİBOL
DEPUTY CEO
BOARD MEMBER

Annex 1: Istanbul Settlement and Custody Bank Inc. Cheque Clearing, Clearing, Settlement and Risk Management System Rules Change Comparison Table

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Article Content-Old	Article Content-New	Reason																								
<p>Valuation of guarantee mechanism contribution</p> <p>ARTICLE 28- (3) In calculating the values of the assets that can be accepted as guarantee mechanism contribution, the following valuation haircuts shall be taken as the base.</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="width: 70%;">Assets subject to guarantee mechanism contribution</th> <th style="width: 30%;">Valuation Haircut</th> </tr> </thead> <tbody> <tr> <td>Turkish Lira</td> <td style="text-align: center;">% 100</td> </tr> <tr> <td>Convertible Foreign Currency (USD)</td> <td style="text-align: center;">%92</td> </tr> <tr> <td>Convertible Foreign Currency (EUR)</td> <td style="text-align: center;">%93</td> </tr> <tr> <td>GDDS</td> <td style="text-align: center;">%91</td> </tr> <tr> <td>Sukuks issued by the Republic of Turkey Undersecretariat of Treasury, Asset Leasing Company</td> <td style="text-align: center;">%88</td> </tr> </tbody> </table>	Assets subject to guarantee mechanism contribution	Valuation Haircut	Turkish Lira	% 100	Convertible Foreign Currency (USD)	%92	Convertible Foreign Currency (EUR)	%93	GDDS	%91	Sukuks issued by the Republic of Turkey Undersecretariat of Treasury, Asset Leasing Company	%88	<p>Valuation of guarantee mechanism contribution</p> <p>ARTICLE 28- (3) In calculating the values of the assets that can be accepted as guarantee mechanism contribution, the following valuation haircuts shall be taken as the base.</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="width: 60%;">Assets subject to guarantee mechanism contribution</th> <th style="width: 40%;">Valuation Haircut</th> </tr> </thead> <tbody> <tr> <td>Turkish Lira</td> <td style="text-align: center;">% 100</td> </tr> <tr> <td>Convertible Foreign Currency (USD)</td> <td style="text-align: center;">%94</td> </tr> <tr> <td>Convertible Foreign Currency (EUR)</td> <td style="text-align: center;">%95</td> </tr> <tr> <td>GDDS</td> <td style="text-align: center;">0-1 Year %97 1-5 Years %93 5 Years and more %92</td> </tr> <tr> <td>Lease certificates issued by the Republic of Turkey Undersecretariat of Treasury, Asset Leasing Company (Sukuks)</td> <td style="text-align: center;">0-1 Year %95 1-5 Years %91 5 Years and more %90</td> </tr> </tbody> </table>	Assets subject to guarantee mechanism contribution	Valuation Haircut	Turkish Lira	% 100	Convertible Foreign Currency (USD)	%94	Convertible Foreign Currency (EUR)	%95	GDDS	0-1 Year %97 1-5 Years %93 5 Years and more %92	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	<p>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 of the analysis, it was evaluated that the collateral valuation coefficients could be improved in favor of the members.</p> <p>In this context, the valuation coefficients were revised.</p>
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<p>Default Interest</p> <p>ARTICLE 37- (1) Default interest shall be collected together with other legal obligations from the participant failing to fulfill its obligation within the prescribed time periods over the non-fulfilled obligation amount from the date on which the participant has fallen into default to the date the obligation has been fulfilled.</p> <p>(2) The defaulting participant 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 higher of the weighted average overnight interest rates formed in Borsa Istanbul Repo ReverseRepo Big Orders Market, Borsa Istanbul Interbank Repo Reverse Repo Market, CBRT Interbank Money Market or Takasbank Money Market.</p>	<p>Default Interest</p> <p>ARTICLE 37- (1) Default interest shall be collected together with other legal obligations from the participant failing to fulfill its obligation within the prescribed time periods over the non-fulfilled obligation amount from the date on which the participant has fallen into default to the date the obligation has been fulfilled.</p> <p>(2) The defaulting participant 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 higher of the weighted average overnight interest rates formed in Borsa Istanbul Repo ReverseRepo Big Orders Market, Borsa Istanbul Interbank Repo Reverse Repo Market, CBRT Interbank Money Market or Takasbank Money Market.</p>	<p>Due to the closure of the Borsa Istanbul Interbank Repo Reverse Repo Market at Borsa Istanbul, related article has been revised.</p>
<p>“Takasbank Business Continuity Regulation” has been revised as “Takasbank Business Continuity Directive”.</p>		