

**General Letter: 1606**

İstanbul, 30/12/2019

**Equities and Debt Instruments Clearing & Settlement Team**

**Subject:** BIAS SWAP Market Procedure and Directive Amendments

**Related Parties:** Banks

Dear General Manager,

With the aim of contributing to the Borsa İstanbul Inc. Swap Market (Market) development, regulational and technical developments regarding the variation margin settlement to be made in portfolio/client breakdown have been finalized.

Revised “İstanbul Settlement and Custody Bank Inc. Borsa İstanbul Inc. Directive on Swap Market Clearing and Settlement and Central Counterparty Service Principles (Directive)” has been approved by the Capital Market Board of Turkey on 19.12.2019.

“İstanbul Settlement and Custody Bank Inc. Borsa İstanbul Inc. Swap Market Procedure on Clearing and Settlement and Central Counterparty Service Principles (Procedure)” revised within the scope of the Directive has been published on our Bank’s website. Comparison tables related to the amendments in the Directive and Procedure are attached.

Sincerely Yours,

TAKASBANK

İSTANBUL SETTLEMENT AND CUSTODY BANK INC.

BEYHAN ARASAN  
DIRECTOR

GÖKHAN ELİBOL  
DEPUTY CEO  
BOARD MEMBER

## Settlement and Custody Bank. Inc. Borsa Istanbul Inc. Swap Market Procedure on Clearing and Settlement and Central Counterparty Service Principles Amendment Table

Article Content-Old	Article Content-New	Reason
<p><b>Variation margin (P/L) settlement operation</b> <b>ARTICLE 20</b> (3) In determining the receivables and debt arising from the valuation, applying the multilateral netting method by reciprocally offsetting the debts and receivables and transforming them to a single debt or receivable is essential. In the settlement operations, the Free of Payment (FOP) principles shall be applied.</p>	<p><b>Variation margin (P/L) settlement operation</b> <b>ARTICLE 20</b> (3) In determining the receivables and debt arising from the valuation, applying the multilateral netting method by reciprocally offsetting the debts and receivables and transforming them to a single debt or receivable in <u>client portfolio segregation</u> is essential. In the settlement operations, the Free of Payment (FOP) principles shall be applied.</p> <p><u>(9) Transactions executed at the market on behalf of members' portfolio and clients are monitored as two different risk groups "Member Risk Group" and "Client Risk Group" respectively.</u></p> <p><u>(10) In the case that the member has settlement obligation for both risk groups, partial fulfillments are first used to close out "Client Risk Group" debt.</u></p>	<p>To provide settlement of variation margin based on client/portfolio segregation.</p>

**Settlement and Custody Bank. Inc. Borsa Istanbul Inc. Directive on Swap Market Clearing and Settlement and Central Counterparty Service Principles Amendment Table**

Article Content-Old	Article Content-New	Reason
<p><b>Variation margin settlement operations</b> <b>ARTICLE 18</b> (3) In determining the receivables and debt arising from the valuation, applying the multilateral netting method by reciprocally offsetting the debts and receivables and transforming them to a single debt or receivable is essential. In the settlement operations, the Free of Payment (FOP) principles shall be applied.</p>	<p><b>Variation margin settlement operations</b> <b>ARTICLE 18</b> (3) In determining the receivables and debt arising from the valuation, applying the multilateral netting method by reciprocally offsetting the debts and receivables and transforming them to a single debt or receivable <u>in client/portfolio segregation</u> is essential. In the settlement operations, the Free of Payment (FOP) principles shall be applied.</p> <p><u>(8) Transactions executed at the market on behalf of members' portfolio and clients are monitored as two different risk groups "Member Risk Group" and "Client Risk Group" respectively.</u></p> <p><u>(9) In the case that the member has settlement obligation for both risk groups, partial fulfillments are first used to close out "Client Risk Group" debt.</u></p>	<p>To provide settlement of variation margin based on client/portfolio segregation.</p>