

**General Letter: 1626**  
**Money Market Team**

**Istanbul, 14/04/2020**

**Subject:** About the Amendments in Takasbank Money Market

**Related Parties:** Brokerage Houses  
Banks  
Financial Institutions  
Insurance, Life and Pension Companies  
Asset Management Companies

Dear CEO,

In 2018, Takasbank decided to make changes in the risk, guarantee and default management structure of Takasbank Money Market (TMM) within the framework of consistency with the other markets it serves.

As the new structure brings about sweeping changes in risk and collateral management, Takasbank made announcements and held member meetings in 2019 in order for TMM members to easily adapt to the new structure. With the announcement made to our members in 2020, the updated issues in the TMM and the transition schedule to the new structure were shared

Changes in the risk, collateral and default management structure in TMM will be put into effect on April 27, 2020. The institutions that want to conduct transactions in TMM must have signed the new TMM Member Agreement and submitted it to our Bank as of April 24, 2020.

Changes made in TMM are outlined below:

- Instead of existing limitations in collaterals, collateral groups, valuation coefficients and upper limit rates will be implemented, which are applied in other markets.
- Trade margins will consists of initial, compulsory and maintenance margins. Initial and compulsory margin rates are given in the table below. Assets already accepted as initial colleteral will continue to be valid as compulsory collateral. Members must deposit assets accepted as collateral other than the letter of guarantee as mandatory collateral. Compulsory margin ratios will be applied as 2%, 4% and 6% considering the ratio of TMM relevant member's TMM risk to its own equity, and will be reviewed quarterly. If deemed necessary, Takasbank may revise compulsory collateral in line with market conditions, and differentiate on a member basis, without waiting for the end of the three-month period. The compulsory collateral that each member must deposit will also be annaounced within this week on a member basis. The maintenance margin ratio will be applied as 103% for the second quarter of 2020.

TMM Risk Average / Equity Capital for the last 3 months	Compulsory Margin Ratio	Initial Margin Ratio
0-50 (%)	%2	%104
51-100 (%)	%4	%104
Over 101 (%)	%6	%104

**Example:** A member with a 3-month TMM Risk Average / Equity Capital value of 65% has 1,000,000 TRY borrowing risk (principal + interest total). This member must have a total of 1,040,000 Turkish liras in

collateral account for initial margin. Also while maximum 1,000,000 Turkish liras of the initial margin can be a letter of guarantee, a minimum of 40,000 TRY (1,000,000 TRY x 4%) must be composed of the collaterals other than the letter of guarantee. This member's minimum maintenance margin level will be 1,030,000 TRY.

- Default management resources have been set and the order of use has been determined. In this context, a guarantee fund will be established to be used for the portion of losses that may occur in case of default of the members exceeding the guarantees of the relevant members. Members' participation in the guarantee fund will be mandatory. The guarantee fund fixed contribution amount has been determined as 10,000 TRY, and it increases with 1,000 TRY and its multiples. The amount of guarantee fund contribution to be deposited by each member will be reported on a member basis within this week.
- Currently in case of a default in TMM, Takasbank undertakes to the fulfilment of the obligations relating to TMM by using the collaterals held and additional resources equal to its own paid-in capital. In the new structure, Takasbank is going to undertake to fulfill the obligations by using the collaterals held, guarantee fund contributions, the allocated and committed capital amount for TMM. In the use of collaterals, guarantee fund contribution shares and Takasbank resources to be applied in case of default of TMM members, the following priority will be taken in order:
  - The TMM Clearing (TPPTK) account balance and the collaterals in the accounts of the defaulted TMM member,
  - Guarantee fund contribution deposited by the defaulted TMM member,
  - Capital allocated by Takasbank,
  - Guarantee fund contributions deposited by the other TMM members,
  - Additional guarantee fund contributions that may be requested from TMM members,
  - The amount of the commitment made from the capital of Takasbank
- Takasbank aims to differentiate the capital allocation rate in the markets it serves, in determining the allocated and committed capital amounts in TMM. Therefore, Takasbank has adopted the principle of using the total capital allocation guarantee fund ratio in the markets where CCP service is provided. In this context, the capital amount allocated by Takasbank for TPP will be 3,200,000 TRY and the capital amount committed by Takasbank will be 9,500,000 TRY. The calculation regarding the total size of the guarantee fund will be renewed for no longer than 3 months.
- Takasbank will accrue cash collateral and guarantee fund contributions in TRY under the best possible conditions.
- Members will fulfill the cash liabilities in TMM by using TMM clearing accounts (TPPTK) opened at Takasbank instead of free accounts (11-1) held at Takasbank. The debt amount can be sent to directly iban of TPPTK or members can transfer the amount from 11-1 free account to TPPTK by using Takasbank member applications. TPPTK accounts will be opened by Takasbank before the new structure going live and then the IBAN numbers will need to be checked by our TMM members.
- In current practice, Takasbank transfers the receivable amounts fully to the creditor members' account, even if there are members who have not fulfilled their debts (obligations) as of the clearing cut-off time. By the changing clearing structure; in the case of the members' partial fulfillment of their debts (obligations) or not all, the distribution of receivables to members will be made pro rata basis (proportionally). The completion of transactions shall be conditional upon timely fulfillment by the debtor members of their obligations. As the

debtor members complete their obligations, the receivables will be distributed pro rata basis to the creditor members.

- Takasbank shall make compensation payment to the creditor member who cannot collect the whole receivables by the end of the settlement day due to the debtor member's default. However, no compensation payment shall be made for late payment of debtor member within the settlement day. Compensation payment will be two-thirds (2/3) of the default interest collected from the defaulting member. If Takasbank cannot collect any default interest, no compensation payment shall be paid.

The calculation of the final amounts of compulsory collateral and guarantee fund contributions to be deposited within the scope of the new application will be made as of the end of April 24, 2020. In line with the provisions of the new TMM Procedure, the members are expected to complete the compulsory collateral and guarantee fund contribution amounts until April 30, 2020, 17:00 at the latest.

The comparison table regarding the changes made is annexed and the relevant changes shall put into practice as of April 27, 2020. As of the same date, The Takasbank Money Market Procedure which includes the amendments can be accessible via our Bank's website ([www.takasbank.com.tr](http://www.takasbank.com.tr)), and for all your questions about the new application, please contact the e-mail address [ppe@takasbank.com.tr](mailto:ppe@takasbank.com.tr).

Respectfully submitted for your information and further action.

Sincerely yours,

**TAKASBANK**  
**İSTANBUL CLEARING, SETTLEMENT AND CUSTODY BANK INC.**

**Serkan AŞKAR**  
**EXECUTIVE VICE**  
**PRESIDENT**

**Gökhan ELİBOL**  
**DEPUTY CEO**  
**BOARD MEMBER**

Annex: TMM Procedure Change Comparison Table (14 pages)

## TMM Procedure Change Comparison Table

ARTICLE CONTENT-OLD	ARTICLE CONTENT-NEW
<p><b>Definitions and abbreviations</b></p> <p><b>ARTICLE 4</b></p> <p>(1) Terms used in this Procedure shall bear the following meanings;</p> <p>a) <b>Exchange:</b> <del>Borsa</del> Istanbul Inc.</p> <p>b) <b>BITT:</b> Banking and Insurance Transaction Tax.</p> <p>c) <b>General Manager:</b> The General Manager of <del>Takasbank</del>.</p> <p>ç) <b>Beginning of Day Report:</b> Report containing information about the TMM upper, buying and selling limits of the members authorized to trade in the TMM, their collaterals, default situations for the current period, collaterals with critical maturity dates, debit/credit positions and net receivables or payables as of the recent day.</p>	<p><b>Definitions and abbreviations</b></p> <p><b>ARTICLE 4</b></p> <p>(1) Terms used in this Procedure shall bear the following meanings;</p> <p>a) <b>Exchange/<del>Borsa</del> <u>Borsa İstanbul</u>:</b> <del>Borsa</del> Istanbul Inc.</p> <p>b) <b>BITT:</b> Banking and Insurance Transaction Tax.</p> <p>c) <b>General Manager:</b> The General Manager of Takasbank.</p> <p>ç) <b>Beginning of Day Report:</b> Report containing information about the <del>limit allocated for</del> TMM <del>upper</del>, buying <del>and</del> <u>limit availability</u>, selling <del>limits</del> <u>limit</u> of the members authorized to trade in the TMM, their collaterals, <del>default situations for the current period</del> <u>margin calls</u>, collaterals with critical maturity dates, debit/credit positions and net receivables or payables as of the recent day.</p>
<p><b>Membership conditions</b></p> <p><b>ARTICLE 6</b></p> <p>(1) The following conditions must be met for membership;</p> <p>a) Being one of the investment institutions designated in the Law, being one of the financial institutions designated in the Financial Leasing, Factoring and Financing Companies Law, asset management companies operating within the Banking Law, being one of the institutions operating on the financial markets and subject to the Insurance Law and the Private Pension Savings and Investment System Law, being one of the institutions designated within the scope of Public <del>Treasurership</del> Regulation or being one of the complementary pension funds being subject to their own private law and operating on a defined contribution model and there must be no restriction in their regulation that may prevent them from trading in the TMM,</p> <p>b) <del>Takasbank</del> Money Market Agreement, whose content is outlined by <del>Takasbank</del>, must have been signed and submitted,</p> <p>c) Information and documents to be requested by <del>Takasbank</del> must have been presented,</p> <p>ç) The equity capital of the member must not be less than the amount set forth in the legislation that the member is subjected to.</p>	<p><b>Membership conditions</b></p> <p><b>ARTICLE 6</b></p> <p>(1) The following conditions must be met for membership;</p> <p>a) Being one of the investment institutions designated in the Law, being one of the financial institutions designated in the Financial Leasing, Factoring and Financing Companies Law, asset management companies operating within the Banking Law, being one of the institutions operating on the financial markets and subject to the Insurance Law and the Private Pension Savings and Investment System Law, being one of the institutions designated within the scope of Public <del>Treasurership</del> Regulation or being one of the complementary pension funds being subject to their own private law and operating on a defined contribution model and there must be no restriction in their regulation that may prevent them from trading in the TMM,</p> <p>b) Takasbank Money Market Agreement, whose content is outlined by Takasbank, must have been signed and submitted,</p> <p>c) <u>Guarantee fund contribution amount stipulated by Takasbank must have been deposited,</u></p> <p>e)ç) Information and documents to be requested by Takasbank must have been presented,</p> <p>ç)d) The equity capital of the member must not be less than the amount set forth in the legislation that the member is subjected to.</p>
<p><b>Restriction on trading activities of the member</b></p> <p><b>ARTICLE 7</b></p> <p>(1) The TMM activities of the members may be restricted by <del>Takasbank</del> in the following situations;</p> <p>a) Restriction of its activities and default status in the financial markets or the capital market instruments for which the central counterparty or settlement service is provided,</p> <p>b) Failure to fulfil the obligations stipulated in the Directive, the Procedure herein and in the <del>Takasbank</del> Money Market Agreement required to be signed between the member and <del>Takasbank</del> before starting to trade,</p> <p>.....</p> <p>(3) If any situation referred to in this article occurs, <del>Takasbank</del> may decide the winding up of the outstanding obligations of the Member at the TMM either in part or in whole. Should any decision be made by <del>Takasbank</del> for liquidation, the obligations of the member shall become due and payable in accordance with the relevant article of chapter 7 of this Procedure and shall be liquidated pursuant to the same chapter. In case of occurrence of any situation referred to in this article, <del>Takasbank</del> may, in addition to the liquidation decision, also ask the member to pledge additional collateral or may restrain the member from trading.</p>	<p><b>Restriction on trading activities of the member</b></p> <p><b>ARTICLE 7</b></p> <p>(1) The TMM activities of the members may be restricted by Takasbank in the following situations;</p> <p>a) Restriction of its activities <del>and</del> <u>or</u> default status in the financial markets <del>or the capital market instruments</del> for which the central counterparty or settlement service is provided,</p> <p>b) Failure to fulfil the obligations stipulated in the Directive, the Procedure herein and in the Takasbank Money Market Agreement required to be signed between the member and Takasbank before starting to trade,</p> <p>(3) If any situation referred to in this article occurs, <del>Takasbank</del> may decide the winding up of the outstanding obligations of the Member at the TMM either in part or in whole. Should any decision be made by <del>Takasbank</del> for liquidation, the obligations of the member shall become due and payable in accordance with the relevant article of chapter <del>7</del> <u>8</u> of this Procedure and shall be liquidated pursuant to the same chapter. In case of occurrence of any situation referred to in this article, <del>Takasbank</del> may, in addition to the liquidation decision, also ask the member to pledge additional collateral or may restrain the member from trading.</p>

## Status of Takasbank and the obligations of the parties

### ARTICLE 9

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- (1) ~~Takasbank~~ is the institution that operates the TMM.
- (2) Members can trade at the TMM in accordance with the trading limits allocated to them by ~~Takasbank~~ and through pledging the collaterals stipulated in this Procedure by ~~Takasbank~~. ~~Takasbank~~ undertakes the fulfillment of the obligations relating to the bid and ask orders matched at the TMM; and in case of any default, to fulfill them by using the collaterals held and, additionally, the funds up to its paid-in capital.
- (3) The Members are required to;
- act in accordance with the rules and principles stipulated for the TMM operations by ~~Takasbank~~ in this Procedure and the Directive,
  - ~~notify Takasbank~~ of their representatives and the relevant updates thereof and inform and/or provide the information and documents requested by ~~Takasbank~~ within the prescribed time period.
- .....
- (7) ~~Takasbank~~ is responsible for paying the principal to the borrowing member on the value date of its transaction and the principal and interest amount to the lending member on the maturity date of its transaction, pursuant to the provisions of the second paragraph.
- .....

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- (3) The Members are required to;
- act in accordance with the rules and principles stipulated for the TMM operations by Takasbank in this Procedure and the Directive,
  - ~~deposit the guarantee fund contribution amount stipulated by Takasbank~~
  - ~~b)c)~~ ~~notify Takasbank~~ of their representatives and the relevant updates thereof and inform and/or provide the information and documents requested by Takasbank within the prescribed time period.
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- (7) Takasbank is responsible for paying the principal to the borrowing member on the value date of its transaction, and the principal and interest amount to the lending member on the maturity date of its transaction, pursuant to the provisions of ~~the second paragraph~~ **article 48 of this Procedure in case of default, to the extent that the members fulfill their obligations.**

## Principles regarding the representatives of the member

### ARTICLE 10

- (6) ~~Takasbank~~ issues a confidential password and a representative number to each representative. The responsibility of the orders placed at the TMM through this password shall belong to the member.

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## Limits and trading thresholds

### ARTICLE 11

- (3) The buying limit ;
- ~~cannot~~ be higher than the TMM limit.
  - ~~is~~ calculated by deducting the total buying transactions and adding the matured buying transactions to the TMM limit.
  - Is used within the evaluated collateral of the member.
  - The collateral adequacy of the bid order's principal and interest amount is checked by ~~Takasbank~~ at the time of order routing.

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  - Is used within the ~~evaluated~~ **available** collateral of the member.
  - The collateral adequacy of the bid order's principal and interest amount is checked by Takasbank at the time of order routing.



- (7) The Maximum Net Debt Amount (MNDA), as the highest net settlement debt that may be incurred by any member on the transaction and maturity dates, is determined by Takasbank.
- The settlement obligations of the members on the transaction and maturity dates cannot exceed the prescribed MNDA of TRY 450.000.000- (four hundred and fifty million Turkish Liras).
  - For each value and maturity date, the members can trade in a manner that their debt position cannot exceed the MNDA.
  - The MNDA is controlled by the system during the course of the order routing.
- (8) MNDA is calculated as follows:
- Net Debt Amount on the value date for sell orders' principal:  
(Receivables Matured – Obligations Matured) + (Executed Bid – Ask Orders) + Collections – Standing Ask Orders
  - Net Debt Amount in the buy orders' principal for each maturity date:  
(Receivables Matured – Obligations Matured) – Standing Bid Orders

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(Receivables Matured – Obligations Matured) – Standing Bid Orders

## Blocked ask order

### ARTICLE 16

- It is a type of **non-risk bearing sell-order** that can be quoted by the members who have sufficient balances in their current accounts up to the amount they wish to sell.
- If the Blocked Ask Order entered to the system is standing, the relevant amount shall be blocked in the current account of the member entering the order. If the order is matched, the matched amount shall be collected from the blocked amount at the moment of matching.
- Blocked Ask Orders may be preferred by the members who;
  - are unable to place any ask due to their MNDA or have no selling limit left because of their outstanding position,

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## Order broadcasting

### ARTICLE 22

- TMM data can be accessed via the data vendor screens and the "Market Monitoring Screen" on Takasbank member applications. Both the orders entered into the system and the executed trades are disseminated to the TMM screens.

- (7) The page codes provided by the data vendor companies to the TMM are as follows:

Broadcasting Company	Best Bid/Ask	Summary Information	Depth Information
REUTERS	TKSBPP1	TKSBPPSUM1	TKSBPPDEPTH1
FOREKS	TAKASBANK MARKET - BEST BIDS AND ASKS	TAKASBANK MARKET - TRADE AVERAGES	DOUBLE CLICK ON RELEVANT MATURITY IN THE BEST BID/ASK PAGE
IDEAL (EUROLINE)	TAKASBANK MONEY MARKET- TAKASBANK MONEY MARKET BEST BID / ASK	TAKASBANK MONEY MARKET - TAKASBANK MONEY MARKET SUMMARY	TAKASBANK MONEY MARKET- TAKASBANK MONEY MARKET DEPTH
MATRIKS	TAKASBANK MARKET - TAKASBANK MONEY MARKET	TAKASBANK MARKET - TAKASBANK MONEY MARKET SUMMARY	DOUBLE CLICK ON RELEVANT MATURITY IN THE BEST BID/ASK PAGE

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- TMM data can be accessed via the ~~data vendor~~ screens of data broadcasters that have an agreement with Borsa İstanbul and the "Market Monitoring Screen" on Takasbank member applications. Both the orders entered into the system and the executed trades are disseminated to the TMM screens.

- (7) The page codes provided by the data vendor companies to the TMM are as follows:

Broadcasting Company	Best Bid/Ask	Summary Information	Depth Information
REUTERS	TKSBPP1	TKSBPPSUM1	TKSBPPDEPTH1
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MATRIKS	TAKASBANK MARKET- TAKASBANK MONEY MARKET	TAKASBANK MARKET - TAKASBANK MONEY MARKET SUMMARY	DOUBLE CLICK ON RELEVANT MATURITY IN THE BEST BID/ASK PAGE

## Transaction amendment and cancellation

### ARTICLE 24

.....

- (2) As a principle, transactions executed as a result of the member's own fault cannot be cancelled. However, transactions requested to be cancelled till 15:45 which are notified in a written instruction or via the session line by the representatives of the buyer and seller members can be cancelled upon Takasbank's receipt of the counterparty approval until the settlement time. In such a case, the transaction shall be cancelled by Takasbank after the consent of the requesting member and the counterparty member/members for the relevant transaction via the session line or through a written instruction.

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- (2) As a principle, transactions executed as a result of the member's own fault cannot be cancelled. However, transactions requested to be cancelled till 15:45<sup>35</sup> which are notified in a written instruction or via the session line by the representatives of the buyer and seller members can be cancelled upon Takasbank's receipt of the counterparty approval until the settlement time. In such a case, the transaction shall be cancelled by Takasbank after the consent of the requesting member and the counterparty member/members for the relevant transaction via the session line or through a written instruction.

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## Depositing, withdrawing and replacing collateral

### ARTICLE 27

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- (3) Collaterals to be deposited by the members from the portfolio accounts are required to be in nature of assignment to serve as collateral.
- (4) Collateral pledging and withdrawing operations of the members are performed by the members, as a rule, by using Takasbank member applications. However, if the collateral depositing and withdrawing operations cannot be performed by the members, the members can also execute their transactions by written instructions.
- (5) For pledging and withdrawing any collateral, Takasbank's approval is required following member's entry and verification thereof. Collateral deposit shall be processed by the approval of Takasbank upon delivery of the relevant instruction determined by Takasbank to Takasbank.
- .....

(14) If bank bonds/bills and asset backed securities are provided as collateral;

- TRY-denominated ones are accepted as collateral,
  - These shall be accepted within Takasbank limits,
  - Takasbank determines the upper limit of the total bank bonds and bills, asset backed securities that can be accepted as collateral for each issuer.
  - Bank bonds and bills, asset backed securities issued by the group or holding banks to which the member is affiliated shall not be accepted as collateral for that member,
  - Before sending the collateral deposit instruction of the bank bonds and bills and asset backed securities, the limit availability of the issuer bank must be confirmed by contacting TMM Team,
  - The relevant security can be deposited at the latest one business day after the confirmation of the deposit instruction.
- .....

- (17) **If Borsa Istanbul shares are provided as collateral;** in addition to the approval of Takasbank after the transmission of the instruction whose shape and scope is determined by Takasbank, collateral entry take place upon the approval of Exchange followed by the instruction sent to the Exchange's email address (takasbankpayteminati@borsaistanbul.com). **In collateral withdrawing of Borsa Istanbul shares;** sending the instruction to the Exchange's email address and approval of Exchange are required.

## Collateral valuation haircuts

### ARTICLE 28

## Depositing, withdrawing and replacing collateral

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- (3) Collaterals to be deposited by the members from the portfolio accounts are required to be in nature of assignment to serve as collateral. Collaterals are transferred to Takasbank for collateral purposes by transferring to collateral accounts
- (4) For pledging and withdrawing any collateral, Takasbank's approval is required following member's entry and verification thereof.

- (4)(5) Collateral pledging and withdrawing operations of the members are performed by the members, as a rule, by using Takasbank member applications. However, if the collateral depositing and withdrawing operations cannot be performed by the members, the members can also execute their transactions by written instructions.

- (5) For pledging and withdrawing any collateral, Takasbank's approval is required following member's entry and verification thereof. Collateral deposit shall be processed by the approval of Takasbank upon delivery of the relevant instruction determined by Takasbank to Takasbank.
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  - Bank bonds and bills, asset backed securities issued by the group or holding banks to which the member is affiliated shall not be accepted as collateral for that member,
  - Before sending the collateral deposit instruction of depositing the bank bonds and bills and asset backed securities, the limit availability of the issuer bank must be confirmed by contacting TMM Team,
  - The relevant security can be deposited at the latest one business day after the confirmation of the deposit instruction request.
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## Collateral groups, valuation haircuts and upper limit ratios

### ARTICLE 28

- (1) ~~Collateral~~ The valuation haircuts that reflect the deduction rates to be used in calculating the collateral values are determined by taking into account the credit risk of the relevant collateral being evaluated by Takasbank, its maturity, its volatility in the extraordinary market conditions, its liquidity, and its currency risk, if any.
- (2) ~~The~~ Trade margins are calculated over the available collateral. Available collateral amount is obtained by applying upper limit ratios on the basis of group and asset over the valued collateral calculated by multiplying the market value of collaterals by the valuation haircuts according to the collateral types and groups.
- (2)(3) The collateral groups, haircuts, group and upper limit ratios on the basis of assets to be used for the collateral valuation are given below:



(1) Collateral valuation haircuts are determined by taking into account the credit risk of the relevant collateral being evaluated by Takasbank, its maturity, its volatility in the extraordinary market conditions, its liquidity, and its currency risk, if any.

(2) The haircuts to be used for the collateral valuation are given below:

Collateral Types	Valuation Haircuts
• Cash	
▪ TRY	1.00
▪ USD	0.94
▪ EURO	0.95
• Treasury Bills / Government Bonds	0.93
• Shares	0.86
• Investment Fund Participation Certificate	0.89
• Letter of Guarantee	1.00
• Eurobond	0.88
• Lease Certificates	0.91
• Gold	0.91
• Bank Bonds/Bills	0.73
• Asset Backed Securities	0.91
• Borsa Istanbul shares	1.00

## Collateral Types Valuation Haircuts

• Cash	
▪ TRY	1.00
▪ USD	0.94
▪ EURO	0.95
• Treasury Bills / Government Bonds	0.93
• Shares	0.86
• Investment Fund Participation Certificate	0.89
• Letter of Guarantee	1.00
• Eurobond	0.88
• Lease Certificates	0.91
• Gold	0.91
• Bank Bonds/Bills	0.73
• Asset Backed Securities	0.91
• Borsa Istanbul shares	1.00

Collateral Group	Collateral Type	Time to Maturity	Valuation Haircut	Group Based Upper Limit Ratio (%)	Asset Based Upper Limit Ratio (%)
1	Gold		0.90	25,00	100,00
2	Borsa Istanbul share		1.00	100,00	100,00
3	Government Domestic Debt Instrument	0-1 year	0.96	100,00	35,00
		1-5 year	0.91		
		5 year and more	0.91		
4	Eurobond / Government Domestic Debt Instruments -USD denominated	0-5 year	0.92	100,00	35,00
		5-10 year	0.93		
		10-30 year	0.89		
		30 year and more	0.86		
4	Eurobond / Government Domestic Debt Instruments -EUR denominated	0-5 year	0.92	100,00	35,00
		5-10 year	0.91		
		10-30 year	0.88		
		30 year and more	0.85		
5	Lease Certificate	0-1 year	0.94	50,00	40,00
		1-5 year	0.89		
		5 year and more	0.89		
6	Share		0.85	90,00	20,00
7	Cash-EUR		0.94	100,00	100,00
7	Cash- USD		0.94	100,00	100,00
8	Cash-TRY		1.00	100,00	100,00
9	Bank Bond / Bill		0.73	50,00	40,00
10	Letter of Guarantee		1.00	100,00	100,00
11	Asset-Backed Security	0-1 year	0.94	50,00	40,00
		1-5 year	0.89		
		5 year and more	0.89		
12	Investment Fund Participation Certificate		0.84	50,00	20,00

## Collateral valuation

### ARTICLE 29

- e) For **bank bonds/bills and asset backed securities**; the theoretical price calculated by Takasbank.
- (2) Foreign currency indexed and foreign currency denominated Government Bonds, Treasury Bills and letter of guarantee having a definite period of validity, with less than 5 days remaining to maturity are not included in the collateral valuation and are asked to be replaced accordingly.

#### Margin rates

### ARTICLE 30

- (1) The margin rates are calculated over the evaluated collateral. The evaluated collateral amount is found by multiplying the market values of collaterals with the valuation haircuts.
- (2) The ratio of the evaluated stocks to the total evaluated collateral cannot exceed 75%. Furthermore, the ratio of a single-type stock pledged as collateral to the total evaluated collateral cannot exceed 15%.
- (3) The margins for bank bonds and bills are given below:
- a) **Issuer limit:** The total evaluated value of bank bonds and bills cannot exceed 20% of the sum of total evaluated value of Cash, TRY denominated government bonds/treasury bills, lease certificates, invest funds participation certificates, gold and letter of guarantees deposited in **TMM collateral accounts**.
- b) **Member based issuer limit:** The total value of evaluated bank bonds and bills of one issuer bank cannot be exceed 50% of the total evaluated value of cash, TRY denominated government bonds/treasury bills, lease certificates, invest funds participation certificates, gold and letter of guarantees in one **member's collateral account**.
- (4) The margins for asset backed securities are given below:
- a) **Issuer limit:** The total evaluated value of asset backed securities cannot exceed the sum of total evaluated value of Cash, TRY denominated government bonds/treasury bills, lease certificates, invest funds participation certificates, gold and letter of guarantees deposited in **TMM collateral accounts**.
- b) **Member based issuer limit:** The total value of evaluated asset backed securities of one issuer bank cannot be exceed the total evaluated value of cash, TRY denominated government bonds/treasury bills, lease certificates, invest funds participation certificates, gold and letter of guarantees in one member's collateral account.
- (5) The portion of total evaluated amount of the foreign currency denominated and foreign currency indexed securities, bank bonds and bills, asset backed securities, Borsa Istanbul shares and the Eurobonds to be taken as collateral that exceeds total amount of other evaluated collateral, excluding the stocks, is not taken into account.
- (6) The initial and the maintenance margin rates are given below;
- a) **Initial Margin Rate:**
- 1) To act as a borrower in the TMM, there must be evaluated collateral up to **105%** of the bid order's principal and its interest.
- 2) No collateral condition is required in order to act as a lender in the TMM.
- b) **Maintenance Margin Rate** is **102%** of the sum of the borrowed principal amount and its interest.

## Collateral valuation

### ARTICLE 29

- e) For **bank bonds/bills and asset backed securities**; the theoretical price ~~calculated~~<sup>determined</sup> by Takasbank ~~considering the transactions in the market~~.
- (2) ~~Foreign-currency-indexed and~~ Foreign currency denominated Government Bonds, Treasury Bills and letter of guarantee having a definite period of validity, with less than 5 days remaining to maturity are not included in the collateral valuation and are asked to be replaced accordingly.

#### Trade Margins

### ARTICLE 30

- (1) ~~The margin rates~~ Initial margin shall be requested from the members to cover the risks arising from the transactions in TMM. The initial margin shall be received at the beginning to cover, in the event the member falls into default, any interest change that may occur in the Market during the time period elapsed from the moment in which the default occurs to its resolution.
- (2) The initial margin ratio is determined by Takasbank at least 1-year data set and 99% confidence level, 2 business days holding period, and is reviewed quarterly in light of market conditions. Takasbank may revise initial margin without waiting for the end of quarterly period in light of market conditions.
- (3) Parameters and ratios related to initial margin, compulsory margin and maintenance margin are announced via general letter.
- (4) Initial margin; is calculated ~~over the evaluated collateral. The evaluated collateral amount is found by multiplying the market values of collaterals with the valuation haircuts, principal and interest total of the buy order by the initial margin ratio.~~
- (2) ~~The ratio of the evaluated stocks to the total evaluated collateral cannot exceed 75%. Furthermore, the ratio of a single-type stock pledged as collateral to the total evaluated collateral cannot exceed 15%.~~
- (3) The margins for bank bonds and bills are given below:
- a) ~~Issuer limit:~~ The total evaluated value of bank bonds and bills cannot exceed 20% of the sum of total evaluated value of Cash, TRY denominated government bonds/treasury bills, lease certificates, invest funds participation certificates, gold and letter of guarantees deposited in **TMM collateral accounts**.
- b) ~~Member based issuer limit:~~ The total value of evaluated bank bonds and bills of one issuer bank cannot be exceed 50% of the total evaluated value of cash, TRY denominated government bonds/treasury bills, lease certificates, invest funds participation certificates, gold and letter of guarantees in one **member's collateral account**.
- (4) The margins for asset backed securities are given below:
- a) ~~Issuer limit:~~ The total evaluated value of asset backed securities cannot exceed the sum of total evaluated value of Cash, TRY denominated government bonds/treasury bills, lease certificates, invest funds participation certificates, gold and letter of guarantees deposited in **TMM collateral accounts**.
- b) ~~Member based issuer limit:~~ The total value of evaluated asset backed securities of one issuer bank cannot be exceed the total evaluated value of cash, TRY denominated government bonds/treasury bills, lease certificates, invest funds participation certificates, gold and letter of guarantees in one member's collateral account.
- (5) Compulsory margin; is calculated by multiplying the principal and interest total of the buy order by the compulsory margin ratio and must consist of collateral types other than the letter of guarantee. Compulsory margin ratio refers to the value in the tranche determined by Takasbank and announced via general letter which the member lies based on the ratio of the member's 3-month risk average. Compulsory margin ratios are reviewed quarterly. Takasbank may revise compulsory margin without waiting for the end of quarterly period in light of market conditions and may differentiate the margin on member basis.
- (6) Maintenance margin; is the minimum maintenance level of the initial margin required by the sum of the principal and interest amounts borrowed in the TMM.
- 2)-(7) No collateral condition is required in ~~order to act as a lender~~ sales transactions in the TMM.
- (7) ~~Maintenance Margin Rate is 102%~~ of the sum of the borrowed principal amount and its interest.

<p><b>Margin call</b></p> <p><b>ARTICLE 31</b></p> <p>(1) When the evaluated collateral falls below the minimum margin rate of <b>102%</b>, a margin call shall be issued by <del>Takasbank</del> to the member, and its collateral is asked to be restored to the initial margin rate.</p> <p>(2) The margin call shall be issued by messages and reporting to the member screens provided by <del>Takasbank</del>. If the margin call is issued through the system, the Member shall be deemed to have received the call without any further notice or information. Members are responsible for following the information relating to the margin call from the "Beginning of Day Report".</p> <p>(3) The addressee member of the margin call is allowed to execute transaction in the TMM as much as the limit and margin allow. The requested additional collaterals must be deposited until the end of the day that the margin call is issued.</p> <p>(4) The addressee member of the margin call can exit the margin call status by depositing additional collateral and / or by trading in a way that reduces the buying transactions and brings the collateral rate to the initial collateral (105%).</p> <p>(5) <del>Takasbank</del> may grant extra time to the member to comply with its margin call.</p>	<p><b>Margin call</b></p> <p><b>ARTICLE 31</b></p> <p>(1) When the <del>evaluated</del><del>available</del> collateral falls below the <del>minimum</del><del>maintenance</del> margin <del>rate of 102%</del><del>and/or compulsory margin level</del>, a margin call shall be issued by Takasbank to the member, and its collateral is asked to be restored to the initial <del>margin rate</del><del>levels</del>.</p> <p>(2) The margin call shall be issued by messages and reporting to the member screens provided by <del>Takasbank</del> <del>and or via e-mail</del>. If the margin call is issued through the system, the Member shall be deemed to have received the call without any further notice or information. Members are responsible for following the information relating to the margin call from the "Beginning of Day Report".</p> <p>(3) The addressee member of the margin call is allowed to execute transaction in the TMM as much as the limit and margin allow. The requested additional collaterals must be deposited until the end of the day that the margin call is issued.</p> <p>(4) The addressee member of the margin call can exit the margin call status by depositing additional collateral and / or by trading in a way that reduces the buying transactions and brings the collateral <del>rate</del> to the initial <del>collateral</del> <del>(+05%)</del><del>and compulsory margin levels</del>.</p> <p>(5) Takasbank may grant extra time to the member to comply with its margin call.</p>
<p><b>Rights arising from the collaterals</b></p> <p><b>ARTICLE 32</b></p> <p>.....</p> <p>(7) The <b>redemption</b> operations of the TRY denominated Treasury Bills and Government Bonds, lease certificates, asset backed securities, and bank bonds and bills held in the collateral accounts on the redemption date shall be conducted in the collateral accounts and the redemption proceeds shall be transferred to the Members' collateral accounts.</p> <p>(8) [The <b>coupon payments</b> of the Eurobonds, lease certificates, asset backed securities, bank bonds and bills and the TRY denominated Treasury Bills and Government Bonds held in the collateral accounts of the members shall also be transferred to the Members' collateral accounts; whereas, the coupon payments of foreign currency denominated Treasury Bills and Government Bonds shall be transferred to Member Foreign Currency Current Account.</p>	<p><b>Rights arising from the collaterals</b></p> <p><b>ARTICLE 32</b></p> <p>.....</p> <p>(7) The <b>redemption</b> operations of the TRY denominated Treasury Bills and Government Bonds, lease certificates, asset backed securities, and bank bonds and bills held in the collateral accounts on the redemption date shall be conducted in the collateral accounts and the redemption proceeds shall be transferred to the Members' collateral accounts. <del>The redemption payments of foreign currency denominated Treasury Bills and Government Bonds shall be transferred to Member Foreign Currency Current Account.</del></p> <p>(7)(8) The <b>coupon payments</b> of the Eurobonds, lease certificates, asset backed securities, bank bonds and bills and the TRY denominated Treasury Bills and Government Bonds held in the collateral accounts of the members shall also be transferred to the Members' collateral accounts; <del>whereas</del>. The coupon payments of foreign currency denominated Treasury Bills and Government Bonds shall be transferred to Member Foreign Currency Current Account.</p>
	<p><b>Accrual of Interest <u>On</u> Cash Collateral And Guarantee Fund Contribution Amounts</b></p> <p><b>ARTICLE 33</b></p> <p>(1) The collateral and guarantee fund contributions in cash Turkish Lira deposited by the members are valued over the amount remaining after deducting the portion to be maintained as compulsory reserve, with the best possible conditions by <del>Takasbank</del> by taking the credit risk and liquidity conditions into consideration. The accrual process is performed within the limits of <del>Takasbank</del> by way of depositing the amount subject to the interest to the banks as either deposit or depo and making it subject to a repo transaction. <del>Takasbank</del> can also place the cash collateral to the organized money markets for interest accrual purposes. Interest accrual may not be made in extraordinary market conditions. Should the interest accrual be failed to be made by <del>Takasbank</del> due to the market conditions, no interest shall be paid.</p> <p>(2) The interest accrual process of trade margin and guarantee fund contributions is performed over the member's Turkish Lira-denominated cash collateral balances at 3:40 <del>p.m.</del>. No interest shall be accrued on cash Turkish Lira collateral deposited after 3:40p.m. <del>to Takasbank</del> as collateral. Interest accrual deadline on half business days is 11:40 a.m. and no interest shall be accrued on Turkish Lira collateral deposited after that time.</p> <p>(3) The balance remaining after deducting the Bank and Insurance Transaction Tax (BITT) and other legal charges and the amount to be collected by <del>Takasbank</del> as "collateral monitoring and interest accrual fee" at a rate deemed appropriate by <del>Takasbank</del> from the gross interest amounts earned from accrual of interest on the amount of collateral and guarantee fund contributions remaining after setting aside the compulsory reserve obligation, if any, shall be credited to the relevant accounts as interest.</p> <p>(4) Members wishing no interest should convey their request to <del>Takasbank</del> in writing.</p>

## CHAPTER SIX

### Guarantee Fund Principles

#### Guarantee fund and general principles

#### ARTICLE 34

- (1) Takasbank establishes a guarantee fund consisting of contribution shares of members, to be used for the portion of losses that may be incurred in the event of members' default, in excess of respective member margins. Members' participation in the guarantee fund is mandatory.
- (2) Members' guarantee fund contribution shares consist of deposited and additional guarantee fund contribution shares to be deposited upon Takasbank's request. If Guarantee Fund is used subject to the default provisions, members may be asked to deposit additional contribution share not exceeding deposited guarantee fund contribution amount. Members may be asked to deposit additional contribution share at the most 4 times during the one-year period between 1 April-31 March dates. Additional guarantee fund contribution share that may be requested at one time cannot exceed the guarantee fund contribution share amount calculated per member to be deposited in the month that the defaults constituting the basis for the request, have occurred. Additional guarantee fund contribution amount may be requested more than once on the condition of not exceeding the total amount deposited at once or in slices.
- (3) The maximum guarantee fund liability members may be exposed to where members have requested to leave membership but such requests have not been yet decided by the Board of Directors or request to leave membership has been accepted by the Board of Directors but members have been granted time for the return of deposited guarantee fund contribution, is double the guarantee fund amount, otherwise three times, if there
- (4) Guarantee fund contribution shares of other Members cannot be referred to unless trade margins, guarantee fund contribution of defaulted Member, and Takasbank's capital allocation for risks covered at TMM is inadequate.
- (5) Assets in guarantee fund cannot be used beyond the objective.
- (6) It is essential that contribution shares to be deposited by members into the guarantee fund are covered from assets under their ownership. Members fail to complete the guarantee fund contribution liability within the period can not make transactions in TMM.
- (7) Guarantee fund is represented and managed by Takasbank.

#### Size of guarantee fund and amount of contribution share to be delivered from members

#### ARTICLE 35

- (1) The size of guarantee fund cannot be less than larger of the resource requirement that shall arise from simultaneous default of the Member who has the largest buying debt and members who have second and third largest buying debt, under stress conditions. The respective resource requirement consists of the portion of Member risks remaining outside the part met with trade margins at a certain level of trust. In the estimation of risk under stress conditions by statistical methods respectively 99.75% statistical confidence level, and 2 business days holding period are used. Takasbank can determine the minimum guarantee fund liability higher than the statistically calculated liability by considering the market conditions, collateral concentrations and the adequacy level of default management resources.
- (2) The capability of the existing guarantee fund is tested by renewing the calculation regarding total size of guarantee fund for no longer than 3 months.
- (3) In order to obtain the minimum size of the guarantee fund, member based daily purchase amount (open position) data of the past three months, if available, is used
- (4) Members' guarantee fund contribution shares consist of deposited and additional guarantee fund contribution shares to be deposited upon demand.
- (5) Deposited guarantee fund contribution shares consist of fixed and variable guarantee fund contribution shares.
- (6) A member's deposited guarantee fund contribution share cannot be less than fixed contribution amount. The fixed contribution share that members must deposit is 10,000 TRY. This amount is revised at least once a year in light of developments across the TMM, domestic or global economy and may be changed if seen necessary.
- (7) Variable contribution shares consist of consecutive ranges with lower and upper limits. The fixed contribution is determined at a level not exceeding the average amount to be found by dividing the guarantee fund size by
- (8) In calculating guarantee fund contribution share that each member must deposit, members' average margin requirements for the previous month, are taken into account. The relevant amount is found by dividing the average collateral amount that the Member must hold in the TMM in the previous month by the average collateral amount of the TMM and then multiplying by the minimum guarantee fund size corresponding to the relevant period.
- (9) If the guarantee fund risk value calculated for each member is below the fixed guarantee fund contribution amount, shall be the fixed contribution amount, if it is above, then it shall be the upper limit of the tranche that such amount corresponds to. Tranches that belong to guarantee fund risk values and corresponding guarantee fund contribution shares are provided below.

Calculation Tranche	Guarantee Fund Risk Value (TRY)	Total Contribution Share (TRY)
1. Tranche	0 – 10.000	10.000
2. Tranche	10.000– 11.000	10.000 + (2-1) x 1.000
3. Tranche	11.000- 12.000	10.000 + (3-1) x 1.000
4. Tranche	12.000- 13.000	10.000 + (4-1) x 1.000
n. Tranche	Previous Tranche + 1.000	10.000 + (n-1) x 1.000

n: The tranche, which corresponds to guarantee fund risk value

- (10) The guarantee fund liabilities of the members for the next month are calculated as of the last working day of each month and updated as of the first working day of the following month.
- (11) Guarantee fund contribution share calculations of members may be performed in light of respective Members' risk situation and TMM conditions, without waiting for the first business day of the subsequent month.



#### Assets eligible as guarantee fund contribution share

##### ARTICLE 36

- (1) The assets eligible as guarantee fund contribution share are shown in the following table. Takasbank is authorized to revise the composition limits of the assets to be accepted as guarantee fund contribution according to the market conditions and set composition limits for the new assets. Letter of guarantee is not accepted as guarantee fund contribution share.

Assets Eligible to Guarantee Fund	Time to Maturity	Group Based Upper Limit Ratio (%)	Asset Based Upper Limit Ratio (%)
Gold		25,00	100,00
Borsa İstanbul Share		100,00	100,00
Government Domestic Debt Instrument	0-1 year	100,00	35,00
	1-5 year		
	5 year and more		
Eurobond / Government Domestic Debt Instrument -USD ve EUR denominated	0-5 year	100,00	35,00
	5-10 year		
	10-30 year		
	30 year and more		
Lease Certificate	0-1 year	50,00	40,00
	1-5 year		
	5 year and more		
Share		90,00	20,00
Cash -EUR		100,00	100,00
Cash -USD		100,00	100,00
Cash -TRY		100,00	100,00
Bank Bond/ Bill		50,00	40,00
Asset-Backed Security	0-1 year	50,00	40,00
	1-5 year		
	5 year and more		
Investment Fund Participation Certificate		50,00	20,00

- (2) Assets to be deposited by the members from the portfolio accounts are required to be in nature of assignment to serve as guarantee fund contribution share. Guarantee fund contribution share assets are transferred to Takasbank for guarantee fund contribution purposes by transferring to guarantee fund contribution accounts.
- (3) Guarantee fund contribution shares are transferred to the system from a single portfolio account.
- (4) Group limits are calculated over the total deposited contribution. In calculating the asset based limits, total valued portion of the relevant asset amount with the group limit applied is taken into account.
- (5) Takasbank evaluates the assets given to the guarantee fund at the end of each day. Prices in article 29 of this Procedure are used in valuation of assets accepted as guarantee fund contribution.
- (6) The valuation haircuts representing the deduction rates to be used in calculating the collateral values of the assets to be deposited as guarantee fund contribution are explained in article 28 of this Procedure.
- (7) Assets deposited in the Guarantee Fund can be replaced daily at the request of the member. Contribution surpluses can be withdrawn daily.
- (8) Members can deposit and withdrawn their contribution amounts through the guarantee fund contribution accounts in parallel with the hours and rules specified in Article 27 of this Procedure.
- (9) If Euro bonds are provided as a guarantee fund contribution, the member should transfer them to the 5088-TMM Guarantee Fund Guarantee account using Takasbank member applications.

#### Guarantee fund margin call

##### ARTICLE 37

- (1) Non-cash assets used as guarantee fund contribution are made subject to valuation at the end of the day over the prices determined by Takasbank to ensure their valuation at current market prices. As a result of daily valuation, Guarantee Fund Contribution liabilities are sent to members' screens provided by Takasbank via message and reporting. In case the notification is sent via the system to the member who is obliged to complete the Guarantee Fund Contribution, the member is deemed to have received the call without the need for any further notice and notification. The responsibility of the Member shall begin at the moment the margin call issued by Takasbank receives the Member. If the related obligation is not fulfilled until the end of the next business day, the member shall be deemed to have defaulted.



	<p><b>Principles for the use of guarantee fund</b></p> <p><b>ARTICLE 38</b></p> <p>(1) In default management, the non-defaulting members' non-cash contributions in the guarantee fund shall be started to be turned into cash when the funds available for use up to item (d) of the eight paragraph of article 51 of this Procedure fail to be adequate and upon determination that the guarantee fund contributions deposited in cash will remain insufficient</p> <p>(2) The contributions deposited by the members joining to the guarantee fund after the date on which the relevant default has occurred or the contribution amounts deposited by the existing members against the risks they assumed after the occurrence of the default shall not be used.</p> <p>(3) In cases which necessitate resorting to the guarantee fund, withdrawal of any contribution from the guarantee fund shall not be allowed during the time period to be elapsed until the loss incurred due to such default is fully covered.</p> <p>(4) Resorting to contribution shares are started from the most <u>liquid</u> asset, based on highness of ability to convert to cash. Cash amounts converted from non-cash collateral in the guarantee fund but unused, are returned to members using non-cash collateral on pro-rate basis.</p> <p>(5) Distribution of loss to be attributed to guarantee fund is based on share of members in guarantee fund.</p> <p>(6) Members are obliged to re-deposit, deposited guarantee fund contribution share amounts expended under default management, in 3 business days.</p> <p>(7) If it is thought that the loss that shall be attributed guarantee fund may possibly exceed 50% of the fund size, members may be asked to deposit committed additional contribution share. Members are obliged to deposit additional contribution shares in 5 business days following the demand. Additional contribution shares, which have been partially used or not at all used to close out the respective default, are returned. If returned without using to close-out the default notwithstanding the demand, additional guarantee fund contribution share demand is considered to have not happened.</p> <p>(8) Any Member may be asked at most 4 monthly deposited and additional guarantee fund contribution amounts due to the default of other members during the period to be elapsed starting from April of each year to the end of March of the following year. The total guarantee fund contribution amount to be requested from any Member due to the default of other members within the same month cannot exceed the sum of the guarantee fund contribution amount that is calculated and deposited for the relevant month and the additional guarantee fund contribution amount, if requested.</p> <p>(9) The amount of additional guarantee fund contribution amount that may be requested within one month cannot exceed the guarantee fund contribution amount deposited by the member for the same month.</p> <p>(10) If additional guarantee fund contribution amount demanded from members due to default, are partially or fully expended, members are asked to replenish their guarantee fund requirements up to the amount calculated pursuant to article 35. Normal guarantee fund contribution amounts that shall be demanded from members, who have fulfilled additional guarantee fund contribution share requirements within one year period between 1 April-31 March, are expended only for their own defaults until the current period is completed.</p>
	<p><b>Returning of guarantee fund contribution amounts</b></p> <p><b>ARTICLE 39</b></p> <p>(1) The contributions other than the fixed guarantee fund contributions in the guarantee fund of the institutions whose membership ends pursuant to article 8 of this Procedure and all revenues and rights related thereto shall be returned to such institutions after deduction of any tax and other legal liabilities required to be paid by taking into consideration of their obligations arising from the transactions they have conducted in the TMM and the payment obligations which <u>Takasbank</u> might face due to any default that may occur during the time period elapsed from the Board of Directors' resolution for the termination of membership to the date on which the termination procedures were completed.</p> <p>(2) The guarantee fund of the member, who requests to terminate its membership, shall be paid when <u>Takasbank</u> receives the request for leaving the membership, provided that the member fulfills all its obligations of the longest term transaction in the market on the date of termination. Until this date, the guarantee fund of the member can only be used for its all transactions in the market that have not expired on the date when the request to leave membership reaches <u>Takasbank</u>.</p> <p>(3) The fixed guarantee fund contributions of the institution whose membership ends shall be returned at the end of the time period to be designated by the Board of Directors by taking the maturity of all open positions in the market.</p> <p>(4) The guarantee fund contribution amounts of any member whose membership has been terminated shall be returned in kind. The contribution amounts that are failed to be returned in kind shall be returned over their equivalents. In the return of the equivalents, the prices prevailing at the date <u>Takasbank</u> has converted such contribution amounts to cash shall be applied.</p> <p>(5) If there is any cash in the guarantee fund contribution(s) of the institutions whose membership ends, the return operation for returning the cash shall be performed by deducting any tax and other legal obligations required to be paid over the amount to which interest has been accrued.</p>
	<p><b>Rights arising from assets accepted as eligible guarantee fund contribution amount</b></p> <p><b>ARTICLE 40</b></p> <p>(1) The redemption operations of the treasury bills (excluding foreign currency denominated), government bonds (excluding foreign currency denominated), lease certificates, asset-backed securities and Eurobonds held in the guarantee fund account shall be performed in the guarantee fund account on the redemption date and the redemption proceeds shall be transferred to the Member's guarantee fund account. The coupon payments of the treasury bills (excluding foreign currency denominated), government bonds (excluding foreign currency denominated), lease certificates, asset-backed securities and Eurobonds held in the guarantee fund account shall also be transferred to the Member's guarantee fund account. The redemption and coupon payments of foreign currency denominated government bonds and treasury bills are transferred to the Member's free account.</p> <p>(2) The shares and dividend amounts obtained from the bonus issue of the shares given by the Members as for guarantee fund contribution amount shall be used by <u>Takasbank</u> on behalf of the Member, and the new shares and cash amounts obtained as a result of such transactions shall be transferred to the relevant guarantee fund accounts. If the capital increase is made through the rights issue; then the Member may exercise it by paying the consideration thereof after transferring the number of the preemptive rights (coupons) arising in the guarantee fund account to the free subaccount (after withdrawing collateral).</p>
	<p><b>General principles of capital allocation</b></p> <p><b>ARTICLE 41</b></p> <p>(1) Determining the allocated and committed capital amounts in the TMM, the total capital allocation guarantee fund ratio in the markets where the Central Counterparty service is provided is used.</p> <p>(2) The amount of capital allocation to TMM from the first day of April every year until the last day of March of the next year is announced via the <u>Takasbank</u> website.</p>

<p><b>Clearing</b></p> <p><b>ARTICLE 33</b></p> <p>(1) The clearing principles are outlined below:</p> <p>a) The clearing of TMM operations is executed at 04:00 p.m.; whereas, at 12:00 p.m. on the half-business days due to official holidays.</p> <p>b) The members must fulfil their obligations (settle their debts) in book-entry until the clearing cut-off time (04:00 p.m.). The relevant amounts shall be collected ex officio from the member current accounts.</p> <p>c) On the clearing time, first the receivable, then the payable items of the members shall be recorded to their current accounts at <del>Takasbank</del>.</p> <p>c) The receivables recorded to the current accounts of the banks with a credit balance on the clearing time shall be transferred, unless otherwise instructed, to their TIC (Turkish Interbank Clearing) accounts at the CBRT.</p>	<p><b>CHAPTER SEVEN</b></p> <p><b>Clearing and Payments</b></p> <p><b>Clearing</b></p> <p><del>ARTICLE 33</del> <b>Netting</b></p> <p><b>ARTICLE 42</b></p> <p>(1) Netting is executed at 3.45 p.m.; whereas, at 11.45 a.m. on the half-business days due to official holidays.</p> <p>(2) In netting, the receivables and debts of the members arising from buy and sell transactions on value and maturity basis are netted and a "Clearing Report" is formed.</p> <p>(3) If the members have receivables or debts due to default, which were transferred one day before, they are included in the netting. Except for default, obligations and receivables are not netted between days.</p> <p>(4) Members shall follow up their debt and receivable amounts through the "Receivable Debt Report" until the netting time during the day, and after the netting time the netted amounts that will be subject to clearing shall be followed through the "Clearing Report".</p>
	<p><b>Clearing</b></p> <p><b>ARTICLE 43</b></p> <p>(1) The clearing principles are outlined below:</p> <p>a) Clearing transactions are made on the member based netted amounts.</p> <p>b) Cash liabilities related to the transactions carried out in TMM are fulfilled by using TMM Clearing Accounts (TPPTK) opened on the basis of members at <del>Takasbank</del>.</p> <p>c) The clearing of TMM operations is executed at 04:00 p.m.; whereas, at 12:00 p.m. on the half-business days due to official holidays.</p> <p>d) The obligor members after netting must fulfil their obligations (settle their debts) in book-entry until the clearing cut-off time (04:00 p.m.). The relevant amounts shall be collected ex officio from the member <del>current</del> TMM Clearing (TPPTK) accounts.</p> <p>e) On the clearing time, first the receivable, then the payable items amounts of the members shall be recorded and transferred to their the members' current accounts at <del>Takasbank</del> the clearing time.</p> <p>f) The receivables recorded to the current accounts of the banks with a credit balance on the clearing time shall be transferred, unless otherwise instructed, to their TIC (Turkish Interbank Clearing) accounts at the CBRT.</p> <p>f) In the case of the members' partial fulfillment of their debts (obligations), the distribution of receivables to members is made pro rata basis.</p> <p>g) The completion of settlement transactions shall be conditional upon timely fulfillment by the obligor members of their obligations. As the obligor members complete their obligations, the receivables are distributed pro rata basis to the creditor members.</p>
<p><b>Offsetting</b></p> <p><b>ARTICLE 34</b></p> <p>(1) It is possible to make offsetting between the TMM and <del>Borsa</del> Istanbul Debt Securities Market and Equity Market.</p> <p>a) Members who owe debts to the TMM over the net balance can offset their receivables arising from their transactions in <del>Borsa</del> Istanbul Debt Securities and Equity Markets against their debts in the TMM. In the same manner, members who have receivables from the TMM over the net balance can also offset such amounts to their debts arising from their transactions in <del>Borsa</del> Istanbul Debt Securities and Equity Markets.</p> <p>b) Members are required to enter their offset instructions to "<del>Takasbank Member Application</del> &gt; <b>Banking Operations &gt; Set-off Operations Screen</b>" until 03:45 p.m. at the latest. For the half-business days due to official holidays, the offset instructions must be entered until 11:45 a.m. at the latest.</p>	<p><b>Offsetting</b></p> <p><del>ARTICLE 34</del> <b>44</b></p> <p>(1) It is possible to make offsetting between the TMM and <del>Borsa</del> Istanbul Debt Securities Market and Equity Market.</p> <p>a) Members who owe debts to the TMM over the net balance can offset their receivables arising from their transactions in <del>Borsa</del> Istanbul Debt Securities and Equity Markets against their debts in the TMM. In the same manner, members who have receivables from the TMM over the net balance can also offset such amounts to their debts arising from their transactions in <del>Borsa</del> Istanbul Debt Securities and Equity Markets.</p> <p>b) Members are required to enter their offset instructions to "<b>Takasbank Member Application &gt; Banking Operations &gt; Set-off Operations Screen</b>" until 03:45 p.m. at the latest. For the half-business days due to official holidays, the offset instructions must be entered until 11:45 a.m. at the latest.</p> <p>c) Should the receivable be failed to be collected until end of day in TMM from the obligor market/marketplace despite the given offsetting instruction, the obligor member shall be obliged to pay its debt within the same day.</p>
<p><b>Debt payment</b></p> <p><b>ARTICLE 35</b></p> <p>(1) The member who owes debt may pay its TMM debt either in part or in whole within the trading hours by using <del>Takasbank</del> member applications and until the settlement time by calling <del>Takasbank</del> from the session line.</p>	<p><b>Debt payment</b></p> <p><del>ARTICLE 35</del> <b>45</b></p> <p>(1) The member who owes debt may pay its TMM debt either in part or in whole within the trading hours by using Takasbank member applications and until the <del>settlement</del> netting time by calling Takasbank from the session line.</p>
<p><b>CHAPTER SEVEN</b></p> <p><b>Miscellaneous and Final Provisions</b></p>	<p><b>CHAPTER SEVEN EIGHT</b></p> <p><b>Acceleration and Default Provisions</b></p> <p><b>General principles</b></p> <p><b>ARTICLE 47</b></p> <p>(1) The default, which is expressed in this Procedure, refers to the failure of the TPP members to fully fulfill their obligations to <del>Takasbank</del> within the periods specified in the Procedure.</p> <p>(2) <del>Takasbank's</del> financial responsibility to TPP is the amount allocated from the capital and the amount committed under the principles set out in article 41 of this Procedure.</p> <p>(3) Regarding the financial responsibility of <del>Takasbank</del>, the provisions of Article 48 are reserved.</p>

<p><b>Acceleration of debt and default</b></p> <p><b>ARTICLE 37</b></p> <p>.....</p> <p>(7) In the fulfilment of cash obligations; for the payments made through EFT, the hour in which the funds are credited to member's current account at Takasbank, and for the payments made through virement from the accounts at Takasbank, the transaction hour shall be taken as the basis.</p> <p>(8) Takasbank may grant a period to the Member to terminate the event of default until the end of 2 business days following the date of default at the latest.</p>	<p><b>Acceleration of debt and default</b></p> <p><b>ARTICLE 48</b></p> <p>.....</p> <p>(7) In the fulfilment of cash obligations; for the payments made through EFT, the hour in which the funds are credited to member's <b>currentTMM Clearing (TPPTK)</b> account at Takasbank, and for the payments made through virement from the accounts at Takasbank, the transaction hour shall be taken as the basis.</p> <p>(8) Takasbank may grant a period to the Member to terminate the event of default until the end of 2 business days following the date of default at the latest. In case the default is not terminated until the end of the given period, Takasbank may place bid order in TMM on behalf of the member in default to obtain the amount subject to the default. In this case, the Member who is in default is obliged to pledge the collateral required by the transactions.</p> <p>(9) The default bid order on behalf of the member is carried out by Takasbank under the best possible conditions and with the most convenient maturity / maturities to close the default at the time of the transaction.</p>
<p><b>Default interest</b></p> <p><b>ARTICLE 38</b></p> <p>(1) From the members that fail to fulfil their cash and collateral obligations within the prescribed time periods, a default interest calculated over the unfulfilled obligation amount is collected together with the other legal liabilities thereon, considering the periods specified in the third paragraph of this article.</p> <p>(2) In the calculation of default interest, the calendar days elapsing between the date of default and the date of fulfilment of the obligation are taken into account. With respect to the number of days of default, the default interest is calculated over 1 day for the obligations fulfilled until the end-of-day in TMM.</p> <p>(3) Default interest rate shall be applied as;</p> <ul style="list-style-type: none"> <li>if the debt is paid until 16:30 or until 12:30 for half-business days due to official holidays, 50%</li> <li>if the debt is paid after 16:30, or after 12:30 for half-business days due to official holidays, two times of the highest among the average overnight interest rates occurring at Borsa Istanbul Repo-Reverse Repo Market, CBRT Interbank Money Market or Takasbank Money Market for each day.</li> </ul> <p>(4) For the partial payment of the defaulted debt, the rates and limitations that are effective during the hours when the debt is partially paid shall apply.</p> <p>.....</p>	<p><b>Default interest</b></p> <p><b>ARTICLE 3849</b></p> <p>(1) From the members that fail to fulfil their cash and collateral obligations within the prescribed time periods, a default interest calculated over the unfulfilled obligation amount is collected together with the other legal liabilities thereon, considering the periods specified in <b>the third paragraph of this article</b>.</p> <p>(2) In the calculation of default interest, the calendar days elapsing between the date of default and the date of fulfilment of the obligation are taken into account. <b>With respect to the number of days of default, the default interest is calculated over 1 day for the obligations fulfilled until the end-of-day in TMM.</b></p> <p>(3) On the day of default,</p> <ul style="list-style-type: none"> <li>For the liabilities fulfilled until the end of the day in TMM, default interest is calculated over 1 day,</li> <li>For the liabilities fulfilled after the end of day in TMM, default interest is calculated by considering the next working day.</li> </ul> <p>.....</p> <p>(4)(5) For the partial payment of the defaulted debt on the day of default, the rates and limitations that are effective during the hours when the debt is partially paid shall apply.</p>
<p><b>Accrual, notification and collection</b></p> <p><b>ARTICLE 39</b></p> <p>(1) The defaulting member is obliged to pay default interest in accordance with the principles specified in article 38 of this Procedure. If the debt that has become due is not paid off by the payment cut-off time, the default interest calculated by Takasbank over the default interest rate set forth in article 38 herein shall be accrued to the relevant member account. If Takasbank has incurred any loss exceeding the default interest due to the member's failure to settle its debts either in part or as a whole; then such loss shall be indemnified by the member.</p> <p>(2) Accrued default interest is notified to the related member by way of reporting via the member screens provided by Takasbank.</p> <p>(3) Default interest and other legal obligations are collected by Takasbank ex officio from the member's free current account.</p>	<p><b>Accrual, notification and collection</b></p> <p><b>ARTICLE 3950</b></p> <p>(1) The defaulting member is obliged to pay default interest in accordance with the principles specified in article 3849 of this Procedure. If the debt that has become due is not paid off by the payment cut-off time, the default interest calculated by Takasbank over the default interest rate set forth in article 3849 herein shall be accrued to the relevant member account. If Takasbank has incurred any loss exceeding the default interest due to the member's failure to settle its debts either in part or as a whole; then such loss shall be indemnified by the member.</p> <p>(2) Accrued default interest is notified to the related member by way of reporting via the member screens provided by Takasbank.</p> <p>(3) Default interest and other legal obligations are collected by Takasbank ex officio from the member's <b>free-currentTMM Clearing (TPPTK)</b> account.</p>
<p><b>Default management process</b></p> <p><b>ARTICLE 40</b></p> <p>.....</p> <p>(4) Takasbank shall first refer to the current account of the defaulting member and then to its collaterals if the cash held in its current account fails to be sufficient. If the member's collaterals will be used due to its default, Takasbank shall be entitled to sell, using best endeavors, the assets provided as collateral of the related transaction in the organized and/or over-the-counter markets and to cover its receivables from the proceeds thereof, without being obliged to fulfil any precondition such as serving any notice or warning, granting an additional time period, obtaining a permission or approval from the judicial or administrative authorities, converting the collateral into cash through an auction or another way. In the case that the used collateral is Borsa Istanbul share, Takasbank liquidates the collateral by transferring the collateral corresponding with the member's debt to Borsa Istanbul and offsets the amount obtained.</p>	<p><b>Default management process</b></p> <p><b>ARTICLE 51</b></p> <p>.....</p> <p>(4) Takasbank shall first refer to the <b>currentTMM Clearing (TPPTK)</b> account of the defaulting member and then to its collaterals if the cash held in its <b>currentclearing</b> account fails to be sufficient. If the member's collaterals will be used due to its default, Takasbank shall be entitled to sell, using best endeavors, the assets provided as collateral of the related transaction in the organized and/or over-the-counter markets and to cover its receivables from the proceeds thereof, without being obliged to fulfil any precondition such as serving any notice or warning, granting an additional time period, obtaining a permission or approval from the judicial or administrative authorities, converting the collateral into cash through an auction or another way. In the case that the used collateral is Borsa Istanbul share, Takasbank liquidates the collateral by transferring the collateral corresponding with the member's <b>debt to Borsa Istanbul</b> and offsets the amount obtained.</p> <p>.....</p>

<p>.....</p> <p>(7) Takasbank's responsibility towards the lender in TMM operations shall be limited with the payment of the principal and the interest calculated over the principal amount on the maturity date of the transaction; whereas its responsibility towards the borrower shall be limited with the payment of the principal on the value date of the transaction, in accordance with the principles specified in this Procedure and the Directive. If Takasbank fails to pay the member's receivable on the maturity date of the transaction, it shall pay statutory default interest to the member. The member cannot claim or</p> <p>request from Takasbank to indemnify its loss by asserting that the loss incurred exceeded the default interest.</p> <p>(8) Takasbank has the rights of clearing, offsetting and retention on the defaulting TMM member's assets held at Takasbank as well as such member's other rights and receivables.</p>	<p>(7) Takasbank may resolve the cash trade margin amounts and guarantee fund contributions of the defaulting member to be excluded from the interest accrual process.</p> <p>(8) In the use of collaterals, guarantee fund contribution shares and Takasbank resources to be applied in case of default of TMM members, the following priority should be taken in order:</p> <ol style="list-style-type: none"> <li>The TMM Clearing (TPPTK) account balance and the collaterals in the accounts of the defaulted TMM member,</li> <li>Guarantee fund contribution deposited by the defaulted TMM member,</li> <li>Capital allocated by Takasbank,</li> <li>Guarantee fund contributions deposited by the other TMM members,</li> <li>Additional guarantee fund contributions that may be requested from TMM members,</li> <li>The amount of the commitment made from the capital of Takasbank.</li> </ol> <p>(7)(9) Takasbank's responsibility towards the lender in TMM operations shall be limited with the payment of the principal and the interest calculated over the principal amount on the maturity date of the transaction; whereas its responsibility towards the borrower shall be limited with the payment of the principal on the value date of the transaction, in accordance with the principles specified in this Procedure and the Directive. If Takasbank underpays or fails to pay the member's receivable on the value / maturity date of the transaction, it shall pay statutory default-interest compensation payment to the member. The member cannot claim or request from Takasbank to indemnify its loss by asserting that the loss incurred exceeded the default-interest compensation payment.</p>
	<p><b>Compensation Payment</b></p> <p><b>ARTICLE 52</b></p> <p>(1) A compensation payment shall be made in accordance with the conditions set forth in the fifth paragraph to the underpaved member on the settlement date due to the default of the member in fulfilling its commitment. However, no compensation payment shall be made for any payment made with delay within the same day.</p> <p>(2) For making the compensation payment, no member request shall be sought. If, on the other hand, the member wishing not to receive any compensation payment informs Takasbank in writing of its request thereof, no payment shall be made to that member.</p> <p>(3) Two-thirds (2/3) of the default interest collected from the defaulting member shall be paid as a compensation payment against the delayed days to the member to whom payment has been failed to be made due to the defaulting member. If the default interest is failed to be collected, no compensation payment shall also be paid. The compensation payments are calculated on a daily basis.</p> <p>(4) The compensation payments shall be to the members' free current accounts at Takasbank.</p> <p>(5) In order for the compensation payment to be made;</p> <ol style="list-style-type: none"> <li>if the defaulting member has made a written objection, the objection should have been deemed null and the collection of the default interest should have been resolved,</li> <li>the default should not have been originated from any problem occurred at the Exchange, Takasbank, CRA and CBRT system,</li> <li>the beneficiary member should have been fulfilled its settlement obligations on time.</li> </ol>
<p><b>Objection to default</b></p> <p><b>ARTICLE 41</b></p> <p>.....</p> <p>(2) Objections are filed with a letter and documents related to such objection attached to such letter, within 1 week from the default accrual date at the latest.</p> <p>.....</p>	<p><b>Objection to default</b></p> <p><b>ARTICLE 53</b></p> <p>.....</p> <p>(2) Objections are filed with a letter and documents related to such objection attached to such letter, within 1-week<sup>3</sup> working days from the default accrual date at the latest.</p> <p>.....</p>
<p><b>CHAPTER EIGHT</b></p> <p><b>Miscellaneous and Final Provisions</b></p> <p><b>Exemption</b></p> <p><b>ARTICLE 42</b></p> <p>(1) CBRT can trade in the TMM by being exempt from the provisions of chapters 2, 5 and 7 and articles 11 and 36.</p>	<p><b>CHAPTER NINE</b></p> <p><b>Miscellaneous and Final Provisions</b></p> <p><b>Exemption</b></p> <p><b>ARTICLE 42<sup>54</sup></b></p> <p>(1) CBRT can trade in the TMM by being exempt from the provisions of chapters 2, 5 and 7, 6, 8 and articles 11 and 46<sup>36</sup>.</p>
<p><b>Signing of agreements</b></p> <p><b>PROVISIONAL ARTICLE 1</b></p> <p>(1) Takasbank Money Market Undertaking and other agreements and engagements that have been signed within the scope of the transactions to be executed in the TMM shall continue to remain in force for the member institutions of the TMM as of the approval date of the Directive by the Board of Directors.</p>	<p><b>Signing of agreements</b></p> <p><b>PROVISIONAL ARTICLE 1</b></p> <p>(1) Takasbank Money Market Undertaking and other agreements and engagements that have been signed within the scope of the transactions to be executed in the TMM shall continue to remain in force for the member institutions of the TMM as of the approval date of the Directive by the Board of Directors.</p> <p>(1) Signing of agreements: As of the date of the publication of this Procedure, the members who do not have the current Takasbank Money Market Agreement are suspended from trading and their membership is terminated after the obligations arising from the date of publication of the Procedure expire.</p> <p>(2) Borsa İstanbul A.Ş. shares are accepted as collateral as long as the purchase guarantee of Borsa İstanbul A.Ş.</p>