

General Letter : 1725

Istanbul, 13/09/2021

**DERIVATIVES CLEARING AND SETTLEMENT TEAM**

**Subject:** Amendment to the Borsa Istanbul Derivatives Market CCP Service Procedure

**Related Members:** Brokerage Firms, Banks

Dear General Manager,

In order to determine clearing, collateral and risk management details of the futures and options contracts based on foreign currency and subject to physical delivery which are planned to launch at Borsa Istanbul Inc. Futures And Options Market, Procedure On Central Counterparty Service To Be Provided By Istanbul Settlement And Custody Bank Inc. To Borsa Istanbul Inc. Futures And Options Market And the Clearing And Settlement Principles Regarding This Service is amended.

The comparison table of the amendment of Procedure is attached.

The updated procedure can be accessed from the "Procedures" section under "Rules&Regulations" heading on our website.

Respectfully submitted for your information and further action.

Sincerely Yours,

**TAKASBANK**  
**ISTANBUL SETTLEMENT AND CUSTODY BANK INC**

**Nesrin ÖZKURT**  
Director

**Gökhan ELİBOL**  
Executive Vice President

Annex: Table of Amendment

## Procedure On Central Counterparty Service To Be Provided By Istanbul Settlement And Custody Bank Incorporation To Borsa Istanbul Incorporation Futures And Options Market And The Clearing And Settlement Principles Regarding This Service

### Annex: Table of Amendment

Old Version	New Version																																																						
<p><b>Segregation</b> <b>ARTICLE 17- ...</b></p>	<p><b>Segregation</b> <b>ARTICLE 17- ...</b></p> <p>(4) In the markets where CCP service is not provided for the underlying asset, the settlement requirements due to physical delivery obligations are monitored under portfolio and global customer accounts opened by Takasbank.</p>																																																						
<p><b>Periods related to the clearing and settlement operations</b></p> <p><b>ARTICLE 22 – (1) (Amendment Published by the General Letter numbered 1373, dated October 05, 2017) (Amendment Published by the General Letter numbered 1576, dated August 21, 2019) (Amendment Published by the General Letter numbered 1608, dated January 15, 2020)</b> The clearing and settlement periods, except official holidays, are applied as shown in the table given below.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Name of the Process</th> <th style="text-align: left;">Time</th> </tr> </thead> <tbody> <tr><td>Distribution of accrued interest</td><td>07:30</td></tr> <tr><td>Collateral Deposit- Withdrawal Start Time</td><td>08:00</td></tr> <tr><td>Distribution of profit not distributed due to previous business day cash deficit</td><td>08:15(T+1)</td></tr> <tr><td>Short Cash Balance Fulfillment Cut-off Time</td><td>11:00</td></tr> <tr><td>Cash Settlement Cut-off Time (Default Start Time)</td><td>15:00</td></tr> <tr><td>TL Collateral Withdrawal Cut-off Time</td><td>15:40</td></tr> <tr><td>Interest Accrual Cut-off Time</td><td>15:40</td></tr> <tr><td>No Interest Accrual Instruction Cut-off Time</td><td>15:40</td></tr> <tr><td>Physical Delivery Cut-off Time for EWR Futures Contracts (Default Start Time)</td><td>17:00</td></tr> <tr><td>Other Collaterals (excluding TL-) Withdrawal Cut-off Time</td><td>19:00</td></tr> <tr><td>Collateral Deposit Cut-off Time</td><td>19:00</td></tr> <tr><td>Deadline for sending accounts opened in CRA to BISTECH</td><td>18:15</td></tr> </tbody> </table>	Name of the Process	Time	Distribution of accrued interest	07:30	Collateral Deposit- Withdrawal Start Time	08:00	Distribution of profit not distributed due to previous business day cash deficit	08:15(T+1)	Short Cash Balance Fulfillment Cut-off Time	11:00	Cash Settlement Cut-off Time (Default Start Time)	15:00	TL Collateral Withdrawal Cut-off Time	15:40	Interest Accrual Cut-off Time	15:40	No Interest Accrual Instruction Cut-off Time	15:40	Physical Delivery Cut-off Time for EWR Futures Contracts (Default Start Time)	17:00	Other Collaterals (excluding TL-) Withdrawal Cut-off Time	19:00	Collateral Deposit Cut-off Time	19:00	Deadline for sending accounts opened in CRA to BISTECH	18:15	<p><b>Periods related to the clearing and settlement operations</b></p> <p><b>ARTICLE 22 – (1) (Amendment Published by the General Letter numbered 1373, dated October 05, 2017) (Amendment Published by the General Letter numbered 1576, dated August 21, 2019) (Amendment Published by the General Letter numbered 1608, dated January 15, 2020)</b> The clearing and settlement periods, except official holidays, are applied as shown in the table given below.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Name of the Process</th> <th style="text-align: left;">Time</th> </tr> </thead> <tbody> <tr><td>Distribution of accrued interest</td><td>07:30</td></tr> <tr><td>Collateral Deposit- Withdrawal Start Time</td><td>08:00</td></tr> <tr><td>Distribution of profit not distributed due to previous business day cash deficit</td><td>08:15(T+1)</td></tr> <tr><td>Short Cash Balance Fulfillment Cut-off Time</td><td>11:00</td></tr> <tr><td>Cash Settlement Cut-off Time (Default Start Time)</td><td>15:00</td></tr> <tr><td>TL Collateral Withdrawal Cut-off Time</td><td>15:40</td></tr> <tr><td>Interest Accrual Cut-off Time</td><td>15:40</td></tr> <tr><td>No Interest Accrual Instruction Cut-off Time</td><td>15:40</td></tr> <tr><td>Physical Delivery Cut-off Time for EWR Futures Contracts (Default Start Time)</td><td>17:00</td></tr> <tr><td>Physical Delivery Cut-off Time for currency futures and options (Default Start Time)</td><td>16:00</td></tr> <tr><td>Other Collaterals (excluding TL-) Withdrawal Cut-off Time</td><td>19:00</td></tr> <tr><td>Collateral Deposit Cut-off Time</td><td>19:00</td></tr> <tr><td>Deadline for sending accounts opened in CRA to BISTECH</td><td>18:15</td></tr> </tbody> </table>	Name of the Process	Time	Distribution of accrued interest	07:30	Collateral Deposit- Withdrawal Start Time	08:00	Distribution of profit not distributed due to previous business day cash deficit	08:15(T+1)	Short Cash Balance Fulfillment Cut-off Time	11:00	Cash Settlement Cut-off Time (Default Start Time)	15:00	TL Collateral Withdrawal Cut-off Time	15:40	Interest Accrual Cut-off Time	15:40	No Interest Accrual Instruction Cut-off Time	15:40	Physical Delivery Cut-off Time for EWR Futures Contracts (Default Start Time)	17:00	Physical Delivery Cut-off Time for currency futures and options (Default Start Time)	16:00	Other Collaterals (excluding TL-) Withdrawal Cut-off Time	19:00	Collateral Deposit Cut-off Time	19:00	Deadline for sending accounts opened in CRA to BISTECH	18:15
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Settlement Price Announcement	19:00
Option Exercise Order Cut-off Time	19:20
Deny of Automatic Option Exercise Time	19:20
BISTECH Account Opening/Association Cut-off Time	19:20+
Finalized Profit/Loss Calculation Time(After business batch)	19:20+
Start of evening batch	19:30
Account Updating Process (Addition of Profits/Collection of Loss) (End of evening batch)	19:30+
Margin Call (End of evening batch)	19:30+
Notification of Positions in the Global Accounts	21:00
End-of-Day Operations in Settlement Screen (TVIS)	21:30+

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**Exercise and physical delivery**

**ARTICLE 28-**

**Exercise and physical delivery**

**ARTICLE 28- ...**

(8) The Member, who has net foreign currency debt due to the physical delivery obligations of foreign currency, closes the related debt through the accounts at Takasbank's correspondent banks, and the net foreign currency receivables are transferred to the Members' free foreign currency accounts at Takasbank. The obligor member is obliged to send the amount owed on the value date to Takasbank's correspondent account.

The Turkish Lira receivable of the Member paying the foreign currency debt is transferred to his free account at Takasbank. The Member, who owes Turkish Lira, closes the related debt through his free account at Takasbank.

(9) The released Turkish Lira receivables of the records whose settlement has been concluded against the partially fulfilled obligations can also be paid in a partial manner. Settlement receivable distributions are made by taking account of the status of settlement pool balances and the members' remaining obligations during the distribution.

(10) For futures and options contracts based on foreign currency and subject to physical delivery, settlement is not performed on half days and when the foreign currency subject to delivery is on holiday.

<p><b>Risk management</b> <b>ARTICLE 31-</b></p>	<p><b>Risk management</b> <b>ARTICLE 31-</b> (20) Total margin requirement of foreign currency contracts subject to physical delivery are monitored under single accounts until the maturity of the contracts, and the total margin requirement is monitored in the portfolio and global accounts to be created under the relevant member during the physical delivery period. During the physical delivery period, risk and collateral management for these positions is monitored under these accounts.</p>
<p><b>End-of-day margin call</b> <b>ARTICLE 50</b> (1) (Addition: Published by the General Letter numbered 1608, dated January 15, 2020) Margin call is issued to accounts where the collateral amount falls below the margin requirement level or there is a TRY collateral deficit Members are obliged to serve margin call obligations latest until 15:00 the following trade date. The trades which are realized during the AHT session are not taken into consideration when the calculation of end of day margin call obligation executed. AHT trades are included in the end of day cycle of the next business day.</p>	<p><b>End-of-day margin call</b> <b>ARTICLE 50</b> (1) Margin call is issued to accounts where the collateral amount falls below the margin requirement level or there is a TRY collateral deficit Members are obliged to serve margin call obligations latest until 15:00 the following trade date. <b>Members with foreign currency liabilities subject to physically delivered foreign currency contracts fulfill their obligations latest until 11:00.</b> The trades which are realized during the AHT session are not taken into consideration when the calculation of end of day margin call obligation executed. AHT trades are included in the end of day cycle of the next business day.</p>
<p><b>Default</b> <b>ARTICLE 60 -</b> (1) If one of the following situations occurs, the relevant Member shall be deemed to have defaulted without any further notice. ... b) For equity based contracts subject to physical delivery; failure to fulfill the settlement obligations within the Borsa Istanbul Equity Market regulations, for EWR contracts subject to physical delivery, failure to fulfill the settlement obligations within the fifth business day until 17:00 (14:00 for the half business days) following the expiration day; ...</p>	<p><b>Default</b> <b>ARTICLE 60 -</b> (1) If one of the following situations occurs, the relevant Member shall be deemed to have defaulted without any further notice. ... b) For equity based contracts subject to physical delivery; failure to fulfill the settlement obligations within the Borsa Istanbul Equity Market regulations, for EWR contracts subject to physical delivery, failure to fulfill the settlement obligations within the fifth business day until 17:00 (14:00 for the half business days) following the expiration day, <b>for futures and options contracts based on foreign currency and subject to physical delivery, failure to fulfill the settlement obligations on the first business day following the expiration day within the time periods laid down in Article 22;</b></p>

### Default on Physical Delivery

#### ARTICLE 61-

(4) In case of any default in the physical delivery; a default fine shall be applied to the defaulting member within the scope of Article 63. The two-third of the amount calculated for the undelivered portion in accordance with Article 63 shall be paid by Takasbank to the recipient of the physical delivery for the time period to be lapsed for the complete fulfillment of the physical delivery or until the liquidation of the physical delivery debt by cash payment.

(5) If the receivable of the recipient of the physical delivery is paid by Takasbank in cash, then the debt of the debtor of the physical delivery shall also be turned into cash. When the debt of the physical delivery is turned into cash, then the debtor of the physical delivery shall be liable to pay such cash amount together with its default fine to be calculated pursuant to Article 63.

(6) If Takasbank incurs any loss exceeding the default fine due to the non-payment of the debt either in part or in whole, then such loss shall also be indemnified by the defaulting Member.

### Default on Physical Delivery

#### ARTICLE 61-

(4) For futures and options contracts based on foreign currency and subject to physical delivery;

a) In case of foreign currency default, the member may be given a period of time until 11:00 on the business day following the default in order to fulfill the obligation subject to default. If the foreign currency debt is partially or completely paid off, it is essential to make a payment to the clearing creditor on the same day. The foreign currency subject to default, which cannot be closed at the end of the given period, is tried to be procured by Takasbank on the same day, with the best effort from the markets.

b) If the foreign currency amount required to be delivered by Takasbank cannot be obtained from the Market within 1 business day following the default, the TL equivalent of the undeliverable foreign currency amount is paid to the creditor on the second business day following the default. In the calculation of the amount to be paid, the CBRT selling exchange rate subject to default, announced on the trading day before the payment date, is taken as basis.

c) In case of cash default, the member may be given a period of time until 11:00 on the business day following the default in order to fulfill the obligation subject to default. If the cash debt is partially or completely closed, it is essential to make a payment to the clearing creditor on the same day. If the default does not end until the end of the given period, Takasbank sells the blocked foreign currency in the market and pays the amount subject to default to the relevant member until the end of the business day following the default date.

(5) In case of any default in the physical delivery; a default fine shall be applied to the defaulting member within the scope of Article 63. The two-third of the amount calculated for the undelivered portion in accordance with Article 63 shall be paid by Takasbank to the creditor for the time period to be lapsed for the complete fulfillment of the physical delivery or until the liquidation of the physical delivery debt by cash payment.

(6) If the receivable of the recipient of the physical delivery is paid by Takasbank in cash, then the debt of the debtor of the physical delivery shall also be turned into cash. When the debt of the physical delivery or debt of cash is turned into cash, then the debtor of the physical delivery shall be liable to pay such cash amount together with its default fine to be calculated pursuant to Article 63.

	<p>(7) If Takasbank incurs any loss exceeding the default fine due to the non-payment of the debt either in part or in whole, then such loss shall also be indemnified by the defaulting Member.</p>									
<p><b>Default fine</b> <b>ARTICLE 63 -...</b></p> <p>(4) If the defaulting Member is granted time to end the default in accordance with the third paragraph of Article 60 or the third paragraph of Article 61, the moment of default shall be taken into account in the calculation of the default fine.</p> <p>(5) In case of default of the Member, Takasbank shall electronically inform the Member about the calculated default fine on the business day of the late payment of the, the margin call requirement or the physical delivery obligation. The default fine shall be calculated in Turkish Lira also for the foreign currency liabilities. For the conversion of the relevant foreign currency to the Turkish Lira, the foreign currency buying rates announced by the CBRT shall be used. If the default fine amount is less than TL 50, then TL 50 shall be collected as the minimum default fine amount.</p> <p>(6) Default fine is reflected to member together with clearing and settlement fees originated from market transactions and the amount can be monitored via BISTECH Settlement Terminals. In case the Member fails to fulfill the default fine obligation, Takasbank shall have the rights to settle, offset and retention on all assets, rights and receivables of the Member with itself.</p>	<p><b>Default fine</b> <b>ARTICLE 63 -...</b></p> <p>(4) The Member, who has been defaulted as a result of the futures and options contracts based on foreign currency and subject to physical delivery, 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 highest of the weighted average overnight interest rates formed in BİAŞ Repo Reverse-Repo Market, CBRT Interbank Money Market or Takasbank Money Market.</p> <table border="1" data-bbox="1086 678 2004 861"> <thead> <tr> <th>OBLIGATION TYPE</th> <th>TIME INTERVAL</th> <th>COEFFICIENT</th> </tr> </thead> <tbody> <tr> <td>Cash / Security (TRY - USD - EUR)</td> <td>After 16:00 with same day value (16:00 included)</td> <td>1</td> </tr> <tr> <td></td> <td>After the value date</td> <td>3</td> </tr> </tbody> </table> <p>(5) Default interest as a result of the futures and options contracts based on foreign currency and subject to physical delivery, is calculated by using the following formula</p> $\text{Default Interest} = \text{Base Amount} * \text{Interest Rate} * \text{Days} * \text{Coefficient} / 360$ <p><b>Base amount</b></p> <p><b>For TRY:</b> The amount closed with delay</p> <p><b>For foreign currency:</b> The amount closed with delay * Exchange rate</p> <p><b>Exchange rate:</b> The average of CBRT currency buying/selling rate on settlement date.</p> <p>(6) If the defaulting Member is granted time to end the default in accordance with the third paragraph of Article 60 or the third paragraph of Article 61, the moment of default shall be taken into account in the calculation of the default fine.</p> <p>(7) In case of default of the Member, Takasbank shall electronically inform the Member about the calculated default fine on the business day of the late payment of the, the margin call requirement or the physical delivery obligation. The default fine</p>	OBLIGATION TYPE	TIME INTERVAL	COEFFICIENT	Cash / Security (TRY - USD - EUR)	After 16:00 with same day value (16:00 included)	1		After the value date	3
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<p><b>TEMPORARY ARTICLE 1 - (1)</b> (Amendment Published by the General Letter numbered 1595, dated November 08, 2019), Sub-Group Limit, set as 40% for mortgage-backed securities, mortgage-based securities, asset-backed securities and asset-based securities, is to be applied as 100% until 31/12/2019 in the market.</p>	<p><del><b>TEMPORARY ARTICLE 1 — (1)</b> (Amendment Published by the General Letter numbered 1595, dated November 08, 2019), Sub Group Limit, set as 40% for mortgage backed securities, mortgage based securities, asset backed securities and asset based securities, is to be applied as 100% until 31/12/2019 in the market.</del></p>