

General Letter: 1746

İstanbul, 24/12/2021

Fund Platforms Team

Subject: About Change of Pension Fund Trading Platform (BEFAS) Implementing Principles

Related Parties: Pension Companies

Dear CEO,

The Association of Insurance, Reinsurance and Pension Companies of Turkey has conveyed to our Bank the issues that need to be changed in the BEFAS Implementation Principles within the scope of the functioning of the pension system and the practices of pension companies. The main changes made in this context are summarized below.

- The phrase "Late price notification time" has been added to the BEFAS Implementation Principles, and will be applied at 10.30 as it is currently. Due to the diversity of the assets in the fund portfolio, it will be applied at 11:00, as it is currently, for the funds whose fund price cannot be calculated until 10:30.
- "Price notification deadline" has been added to the BEFAS Implementation Principles. After the price notification deadline, the operator member will not be allowed to report a new price or update the current price in the system. The time will be applied as 12:30 on normal working days and 11:00 on half working days.
- The cash netting time, which is currently 14:30, will be applied as 14:00, and the default starting time, which is 15:30, will be applied as 15:00.

The related changes will be put into effect on **27/12/2021** and as of the same date, the "Pension Fund Trading Platform Implementation Principles" containing the said changes will be available on our Bank's website (www.takasbank.com.tr).

Respectfully submitted for your kind information and further action.

Sincerely yours,

TAKASBANK
İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

Emre KOÇBEY
Director

Gökhan ELİBOL
Deputy CEO

Pension Fund Trading Platform (BEFAS) Implementing Principles Change Comparison Table

ARTICLE CONTENT – OLD				ARTICLE CONTENT - NEW			
ARTICLE 11- Trading times				ARTICLE 11- Trading times			
TRANSACTION TYPE	BUSINESS DAY TIME	HALF-DAY TIME		TRANSACTION TYPE	BUSINESS DAY TIME	HALF-DAY TIME	
Order acceptance - Forward value transactions	09.00-17.30	09.00-12.30		Order acceptance - Forward value transactions	09.00-17.30	09.00-12.30	
Unmatched order automatic cancellation - Forward value transactions	17.35	12.35		Unmatched order automatic cancellation - Forward value transactions	17.35	12.35	
Value deferral time (Forward value transactions)	13.30	11.00		Value deferral time (Forward value transactions)	13.30	11.00	
Cash netting time	14.30	11.15		Cash netting time	14.00 30	11.15	
Default start time	15.30	12.30		Default start time	15.00 30	12.30	
ARTICLE 13- Fund price information				ARTICLE 13- Fund price information			
<p>(1) Fund share price is defined to the Platform.</p> <p>(2) On each business day, the applicable fund share price must be defined to Takasbank system and Pension Monitoring Center by the Operator Member must be informed about the subject until the deadline set forth by Takasbank. For the funds whose price information are failed to be defined until 09:30, a warning message shall be sent to their operator member in electronic environment.</p>				<p>(1) Fund share price is defined to the Platform.</p> <p>(2) On each business day, the applicable fund share price must be defined to Takasbank system and Pension Monitoring Center by the Operator Member must be informed about the subject until the late price notification time deadline set forth by Takasbank. For the funds whose price information are failed to be defined until 09:30, a warning message shall be sent to their operator member in electronic environment. After the price notification deadline, the Operator member is not allowed to report a new price / update the current price in the system.</p>			
ARTICLE 21- Netting, debt closing, receivable distribution				ARTICLE 21- Netting, debt closing, receivable distribution			
<p>(1) Cash amounts of the trading transactions shall be netted-off on the value date at 14:30. No fund-based netting shall be conducted. The fund share transfers shall be performed on an order basis.</p> <p>(2) Net TRY cash obligations shall be fulfilled by making payment to “BEFAS Debt Closing Account” until 15:30.</p> <p>(3) The member will fall into default for the TRY cash obligations failed to be fulfilled as of 15.30.</p>				<p>(1) Cash amounts of the trading transactions shall be netted-off on the value date at 14:0030. No fund-based netting shall be conducted. The fund share transfers shall be performed on an order basis.</p> <p>(2) Net TRY cash obligations shall be fulfilled by making payment to “BEFAS Debt Closing Account” until 15:0030.</p> <p>(3) The member will fall into default for the TRY cash obligations failed to be fulfilled as of 15.0030.</p>			

ARTICLE 22- Default Principles

- (1) The member failing to fulfill its TRY cash obligation at 15:30 on the value date shall be deemed defaulted without the need for any notice and shall pay the default penalty.
- (2) In determining the default, the transfer time of debt amount to the “BEFAS Debt Closing Account” shall be taken into account.
- (3) Default penalty shall be calculated by using of the highest among the average overnight average rates occurring at Borsa Istanbul Repo-Reverse Repo Market in which government securities traded, CBRT Interbank Money Market or Takasbank Money Market. The participation pension companies informed Takasbank about their activities shall be subject to a default penalty calculated by using the overnight average rate of Borsa Istanbul Committed Transactions Market in which lease certificates traded. In case of no trade, the most recent weighted average rate shall be used. In the calculation, the rate designated for each day in the period elapsed from the value date to the day on which the debt is closed shall be used.
- (4) The default interest shall be calculated based on the number of calendar days between the value date of the transaction and the date on which the obligations have been fulfilled.
- (5) In calculating the default interest, the haircuts given in the following table shall be used depending on the time of fulfillment of the obligation.
- (6) The Operator Member who have not defined its fund share price disclosure obligation to the system as at the time set forth by Takasbank and have fulfilled its obligation with delay shall be obliged to pay the fixed late payment fee given in the table below for each single day on which it has made delayed disclosure.

TYPE OF OBLIGATION	TIME INTERVAL	HAIRCUT
CASH (TRY)	15:30-16:00	0.5
	After 16:00 with the same day value	1
	After the value date	2
FUND SHARE PRICE DISCLOSURE	Price disclosure made after the cut-off time or not made at all	500 TRY

ARTICLE 22- Default Principles

- (1) The member failing to fulfill its TRY cash obligation at ~~15:00~~ on the value date shall be deemed defaulted without the need for any notice and shall pay the default penalty.
- (2) In determining the default, the transfer time of debt amount to the “BEFAS Debt Closing Account” shall be taken into account.
- (3) Default penalty shall be calculated by using of the highest among the average overnight average rates occurring at Borsa Istanbul Repo-Reverse Repo Market in which government securities traded, CBRT Interbank Money Market or Takasbank Money Market. The participation pension companies informed Takasbank about their activities shall be subject to a default penalty calculated by using the overnight average rate of Borsa Istanbul Committed Transactions Market in which lease certificates traded. In case of no trade, the most recent weighted average rate shall be used. In the calculation, the rate designated for each day in the period elapsed from the value date to the day on which the debt is closed shall be used.
- (4) The default interest shall be calculated based on the number of calendar days between the value date of the transaction and the date on which the obligations have been fulfilled.
- (5) In calculating the default interest, the haircuts given in the following table shall be used depending on the time of fulfillment of the obligation.
- (6) The Operator Member who have not defined its fund share price disclosure obligation to the system as at the time set forth by Takasbank and have fulfilled its obligation with delay shall be obliged to pay the fixed late payment fee given in the table below for each single day on which it has made delayed disclosure.

TYPE OF OBLIGATION	TIME INTERVAL	HAIRCUT
CASH (TRY)	15:00-16:00	0.5
	After 16:00 with the same day value	1
	After the value date	2
FUND SHARE PRICE DISCLOSURE	Price disclosure made after the cut-off time or not made at all	500 TRY