

General Letter: 1794

Istanbul, 28/04/2022

**DERIVATIVES AND ENERGY-COMMODITY CLEARING AND SETTLEMENT
DEPARTMENT**

Subject: :About The Changes Made in Directive and Procedure on Central Clearing and Settlement Service to Be Provided by Istanbul Takas ve Saklama Bankası A.Ş. in Borsa Istanbul Inc. Precious Metals Market and the Principles Regarding This Service

Related Participants : Banks

Members of Borsa Istanbul Inc. Precious Metals Market

Dear General Manager,

“Directive on Central Clearing and Settlement Service to Be Provided by Istanbul Settlement and Custody Bank Inc. in Borsa Istanbul Inc. Precious Metals Market and the Principles Regarding This Service” and “Procedure Central Clearing and Settlement Service to Be Provided by Istanbul Settlement and Custody Bank Inc. in Borsa Istanbul Inc. Precious Metals Market and the Principles Regarding This Service” are amended.

The comparison table containing the said changes is attached, and the final version of the Procedure and Directive.It can be accessed from our Bank's website (<https://www.takasbank.com.tr/en/rules-and-regulations/procedures>, <https://www.takasbank.com.tr/en/rules-and-regulations/directives>).

Respectfully submitted for your information and further action.

Sincerely yours,

TAKASBANK
ISTANBUL CLEARING, SETTLEMENT AND CUSTODY BANK INC

GÖKHAN ELİBOL
Executive Vice President

AVŞAR R. SUNGURLU
CEO and Board Member

Appendix:

1. BIST PMD Directive Comparison Table (1 Page)
2. BIST PMD Procedure Comparison Table (6 Page)

**TABLE OF CHANGES IN THE DIRECTIVE ON CENTRAL CLEARING AND SETTLEMENT SERVICE TO BE PROVIDED BY
İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş. IN BORSA İSTANBUL INC. PRECIOUS METALS MARKET AND THE
PRINCIPLES REGARDING THIS SERVICE**

Current	New
<p>General principles for clearing and settlement</p> <p>ARTICLE 12 – 14) If requested by the members, their settlement receivables and TL, USD, EUR denominated collateral amounts shall be transferred to their intermediary bank accounts they have informed. The time periods related to the transfer operations shall be stipulated in the Procedure.</p>	<p>General principles for clearing and settlement</p> <p>ARTICLE 12 – 14) If requested by the members, their settlement receivables and TL, USD, EUR <u>and GBP</u> denominated collateral amounts shall be transferred to their intermediary bank accounts they have informed. The time periods related to the transfer operations shall be stipulated in the Procedure.</p>
<p>Assets eligible as trade margin and the composition limits</p> <p>ARTICLE 20- (1) The following assets can be used by the members for the fulfillment of the margin requirements.</p> <p>a) Cash Turkish Lira (TL) b) Foreign Currency (USD, EUR)</p>	<p>Assets eligible as trade margin and the composition limits</p> <p>ARTICLE 20- (1) The following assets can be used by the members for the fulfillment of the margin requirements.</p> <p>a) Cash Turkish Lira (TL) b) Foreign Currency (USD, EUR, <u>GBP</u>)</p>

**TABLE OF CHANGES IN THE PROCEDURE ON CENTRAL CLEARING AND SETTLEMENT SERVICE TO BE PROVIDED BY
İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş. IN BORSA İSTANBUL INC. PRECIOUS METALS MARKET AND THE
PRINCIPLES REGARDING THIS SERVICE**

Current	New
<p>Definitions and abbreviations</p> <p>ARTICLE 4- (1) Terms used in this Procedure shall bear the following meanings;</p> <p>a) Intermediary bank: The bank to which the members request their market receivables and withdrawable cash collateral amounts to be automatically transferred.</p> <p>b) BIC (Bank Identifier Code): The bank identifier codes.</p> <p>c) Exchange: Borsa Istanbul Inc.</p> <p>d) EFT: The Electronic Fund Transfer System facilitating transfer of payment in Turkish Lira.</p> <p>e) EUR: The currency of European Union</p> <p>f) General Manager: The General Manager of Takasbank</p> <p>g) Trade Margin: Collateral deposited to the custody accounts opened at Takasbank.</p> <p>h) Precious Metal: Precious metals in the standard traded in the Exchanges.</p> <p>i) Central Clearing and Settlement Regulation: Takasbank Central Clearing and Settlement Regulation published in the Official Gazette dated 18.7.2013 and numbered 28711.</p> <p>j) Market: Borsa Istanbul Inc. Precious Metals Market.</p> <p>k) Position: The settlement debts and receivables arising in relation to the transactions conducted in the Market.</p>	<p>Definitions and abbreviations</p> <p>ARTICLE 4- (1) Terms used in this Procedure shall bear the following meanings;</p> <p>a) Intermediary bank: The bank to which the members request their market receivables and withdrawable cash collateral amounts to be automatically transferred.</p> <p>b) BIC (Bank Identifier Code): The bank identifier codes.</p> <p>c) Exchange: Borsa Istanbul Inc.</p> <p>d) EFT: The Electronic Fund Transfer System facilitating transfer of payment in Turkish Lira.</p> <p>e) EUR: The currency of European Union</p> <p>f) General Manager: The General Manager of Takasbank</p> <p>g) GBP: <u>The currency of the European Union</u></p> <p>g) Trade Margin: Collateral deposited to the custody accounts opened at Takasbank.</p> <p>h) Precious Metal: Precious metals in the standard traded in the Exchanges.</p> <p>i) Central Clearing and Settlement Regulation: Takasbank Central Clearing and Settlement Regulation published in the Official Gazette dated 18.7.2013 and numbered 28711.</p> <p>j) Market: Borsa Istanbul Inc. Precious Metals Market.</p>

- l) **Procedure:** This Procedure covering the implementing principles approved by the General Manager and comprising the procedures related to the operation and practices in accordance with the rules and principles stipulated in the Directive.
- m) **Free Account:** The members' TL (11) and foreign currency YP (11) free current accounts at Takasbank.
- n) **System:** Takasbank system in which the clearing and settlement, risk and collateral management of the transactions conducted in the Market is carried out.
- o) **Maintenance Level:** A certain rate of the collateral value determined by Takasbank and required to be maintained at the end of each day.
- p) **SWIFT** (Society for Worldwide Interbank Financial Telecommunication): The international financial telecommunication network and messaging infrastructure.
- q) **Clearing and settlement:** All of the processes that enable the cash and/or assets to be transferred between the parties by fulfillment by the Members of the obligations arising in relation to the transactions conducted in the Market, within the time period and on the conditions set by Takasbank.
- r) **Takasbank:** İstanbul Takas ve Saklama Bankası A.Ş.
- s) **CBRT:** The Central Bank of the Republic of Turkey.
- t) **USD:** The currency of United States of America.
- u) **Member:** Those among the institutions authorized by the Exchange to trade in the Market, which have fulfilled Takasbank membership conditions under this Procedure.
- v) **Directive:** The Directive on Central Clearing and Settlement Service to be Provided by Takasbank in Borsa Istanbul Inc.

- ~~k)l)~~ **Position:** The settlement debts and receivables arising in relation to the transactions conducted in the Market.
- ~~h)m)~~ **Procedure:** This Procedure covering the implementing principles approved by the General Manager and comprising the procedures related to the operation and practices in accordance with the rules and principles stipulated in the Directive.
- ~~m)n)~~ **Free Account:** The members' TL (11) and foreign currency YP (11) free current accounts at Takasbank.
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- ~~u)v)~~ **Member:** Those among the institutions authorized by the Exchange to trade in the Market, which have fulfilled Takasbank membership conditions under this Procedure.

<p>Precious Metals Market and the Principles Regarding This Service approved by the Board of Directors.</p> <p>w) Regulation : Takasbank Central Clearing and Settlement Regulation</p> <p>x) Board of Directors: The Board of Directors of Takasbank.</p>	<p>w)<u>w)</u> Directive: The Directive on Central Clearing and Settlement Service to be Provided by Takasbank in Borsa Istanbul Precious Metals Market and the Principles Regarding This Service approved by the Board of Directors.</p> <p>w)<u>x)</u> Regulation : Takasbank Central Clearing and Settlement Regulation</p> <p>x)<u>y)</u> Board of Directors: The Board of Directors of Takasbank.</p>
<p>ARTICLE 29 - (1) The Market participants shall deposit 5.000-TL membership collateral to cover the losses that may be incurred in case of failure to fulfill the obligations against Takasbank for the dues, fees and commissions and other liabilities within the time period given to them. This amount may be re-determined by the Board of Directors by taking account of the developments in the Market provided that the Board's consent is obtained. The membership collateral shall be deposited in Turkish Lira.</p>	<p>ARTICLE 29 - (1) The Market participants shall deposit 5.000-TL membership collateral to cover the losses that may be incurred in case of failure to fulfill the obligations against Takasbank for the dues, fees and commissions and other liabilities within the time period given to them. This amount may be re-determined by the Board of Directors by taking account of the developments in the Market provided that the Board's consent is obtained. The membership collateral shall be deposited in Turkish Lira. Membership collateral is announced to the members on Takasbank website.</p>
<p>ARTICLE 38 - (1) The following assets can be used by the members for the fulfillment of the margin obligations.</p> <ul style="list-style-type: none"> a) Cash Turkish Lira. b) Convertible Foreign Currency (USD, EUR). c) Government Domestic Debt Securities. d) Lease certificates issued by the Republic of Turkey Undersecretariat of Treasury, Asset Leasing Company. e) Letter of Guarantee (TL, USD, EUR). f) Precious Metal. g) Republic of Turkey Undersecretariat of Treasury Foreign Debt Securities (Eurobond). 	<p>ARTICLE 38 - (1) The following assets can be used by the members for the fulfillment of the margin obligations.</p> <ul style="list-style-type: none"> a) Cash Turkish Lira. b) Convertible Foreign Currency (USD, EUR, <u>GBP</u>). c) Government Domestic Debt Securities. d) Lease certificates issued by the Republic of Turkey Undersecretariat of Treasury, Asset Leasing Company. e) Letter of Guarantee (TL, USD, EUR). f) Precious Metal. g) Republic of Turkey Undersecretariat of Treasury Foreign Debt Securities (Eurobond).

Valuation haircuts

ARTICLE 39 - In calculating the collateral values of non-Turkish Lira assets to be accepted as trade margin, the following valuation haircuts shall be taken as the basis.

Collateral Type	Valuation Haircut
Turkish Lira	100%
Convertible Foreign Currency	100%
Precious Metal	100%
Letter of Guarantee (TL-USD-EUR)	100%
Government Domestic Debt Securities	91%
Lease certificates issued by the Republic of Turkey Undersecretariat of Treasury, Asset Leasing Company	88%
Republic of Turkey Undersecretariat of Treasury Foreign Debt Securities (Eurobond)	83%

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Lease certificates issued by the Republic of Turkey Undersecretariat of Treasury, Asset Leasing Company	88%
Republic of Turkey Undersecretariat of Treasury Foreign Debt Securities (Eurobond)	83%

ARTICLE 43- (5) Deposit and withdrawal deadlines on collateral basis are as follows:

Assets Eligible as Trade Margin	Full Day Deposit Deadline	Half Day Deposit Deadline	Full Day Withdrawal Deadline	Half Day Withdrawal Deadline
Cash Turkish Lira	19:00	12:45	15:40	11:40
Convertible Foreign Currency (USD/EUR)*	19:00	12:45	19:00	12:45
Government Domestic Debt Securities	19:00	12:45	19:00	12:45
Lease certificates issued by the Republic of Turkey Undersecretariat of Treasury, Asset Leasing Company	19:00	12:45	19:00	12:45
All Types of Precious Metal traded in Borsa Istanbul	19:00	12:00	19:00	12:00

()Cut-off times for transferring any collateral surplus to the intermediary banks defined in Takasbank system based on the instructions given by the members are stated below.*

ARTICLE 43- (5) Deposit and withdrawal deadlines on collateral basis are as follows:

Assets Eligible as Trade Margin	Full Day Deposit Deadline	Half Day Deposit Deadline	Full Day Withdrawal Deadline	Half Day Withdrawal Deadline
Cash Turkish Lira	19:00	12:45	15:40	11:40
Convertible Foreign Currency (USD/EUR/ <u>GBP</u>)*	19:00	12:45	19:00	12:45
Government Domestic Debt Securities	19:00	12:45	19:00	12:45
Lease certificates issued by the Republic of Turkey Undersecretariat of Treasury, Asset Leasing Company	19:00	12:45	19:00	12:45
All Types of Precious Metal traded in Borsa Istanbul	19:00	12:00	19:00	12:00

()Cut-off times for transferring any collateral surplus to the intermediary banks defined in Takasbank system based on the instructions given by the members are stated below.*

Currency	Collateral withdrawal cut-off times (to Intermediary Bank Account)	Currency	Collateral withdrawal cut-off times (to Intermediary Bank Account)
TL	15:40	TL	15:40
EUR	16:15	EUR	16:15
USD	16:30	USD	16:30
		<u>GBP</u>	<u>12:00</u>