

General Letter: 1831

30/11/2022

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Central Risk Management Team

Subject: Borsa İstanbul Future and Options Market CCP Service Procedure Update

Related Parties: Banks and Brokerage Houses

Dear General Manager,

In addition to risk and collateral management activities in markets where CCP service is provided, some regulatory changes were made in order to prevent anomalies observed in price formations, to contribute to members' own risk management activities, and to prevent the risks calculated in Derivatives Market from exceeding the determined limits.

In this context;

- A process similar to the one currently used for the indices has been developed for equity underlying. Accordingly, a fixed registration limit has been introduced for all underlying assets, taking into account the historical open position data. If this limit is exceeded, the limit is determined as 10% of the open position. In case the two limits are exceeded at the same time during the end-of-day controls, the position increasing order transmission of the relevant registry is restricted and a one-day period is given to close the positions.
- Limits applied for other underlying assets have also been revised considering historical open positions and the limit to be applied in case of excess has been reduced to 10% in line with the share underlying assets.
- The rules applicable to members exceeding the risk limit have been tightened. Accordingly, the additional collateral rates requested in case of exceeding the member risk limit have been increased. The Risk/limit ratio has been reduced from 300% to 200%. In the event that the total risk limit and the Derivatives Market risk limit are exceeded by more than 200% simultaneously, articles have been added to the procedure to prevent the transmission of position increasing orders in Derivatives Market and to increase the received amounts of collateral up to 100%.
- In order for the members to adapt their business processes and transition to new applications, the validity date of the new registry-based position limits has been determined as 04.01.2023. In case of exceeding the risk limit, the process of stopping the order transmission and closing the positions is planned to be put into use two months later.

The procedure comparison and the number limit tables on the basis of the underlying asset, including the changes in question, are attached.

We kindly ask you to obtain information and take necessary action.

Regards.

İSTANBUL TAKAS VE SAKLAMA
BANKASI A.Ş.

Murat GÖRGÜN

Avşar R. SUNGURLU

Executive Vice President

CEO and Board Member

Articles – Previous Version	Articles – Current Version												
<p>Investor -Based Position Limit</p> <p>Article 24- (1) Investor-Based Position Limit is the maximum number of underlying assets in which the positions in the same direction that may be taken in all accounts associated with a single investor may correspond for all contracts written on the same underlying asset.</p> <p>(2) In position limit controls; positions in the same direction written on the same asset (“Long Call Option Position + Short Put Option Position + Long Futures Position” or “Short Call Option Position + Long Put Option Position + Short Futures Position”) are evaluated together and the highest amount shall be taken into account in the position limit control.</p> <p>(3) Contract-based limits apply as follows:</p> <table><tr><th>Contract</th><th>Investor-based position limit</th><th>The upper limit when investor-based position limit is exceeded</th></tr><tr><td>Stock Futures and option contracts</td><td>Investor-based position limit is 5% of the stock amount in circulation announced by the CRA for each underlying stock</td><td>-</td></tr></table>	Contract	Investor-based position limit	The upper limit when investor-based position limit is exceeded	Stock Futures and option contracts	Investor-based position limit is 5% of the stock amount in circulation announced by the CRA for each underlying stock	-	<p>Investor -Based Position Limit</p> <p>Article 24- (1) Investor-Based Position Limit is the maximum number of underlying assets in which the positions in the same direction that may be taken in all accounts associated with a single investor may correspond for all contracts written on the same underlying asset.</p> <p>(2) In position limit controls; positions in the same direction written on the same asset (“Long Call Option Position + Short Put Option Position + Long Futures Position” or “Short Call Option Position + Long Put Option Position + Short Futures Position”) are evaluated together and the highest amount shall be taken into account in the position limit control.</p> <p>(3) (<i>Amendment Published by the General Letter numbered 1831, dated November 30, 2022</i>) Contract-based limits apply as follows. If the fixed position limit on an investor basis and the upper limit to be applied in case of exceeding the limit on an investor basis are exceeded together, the position limit on investor basis is considered as a breach.</p> <table><tr><th>Contract</th><th>Investor-based position limit</th><th>The upper limit when investor-based position limit is exceeded</th></tr><tr><td>Equity Futures and</td><td>Investor-based position limit is 53% of the Equity amount in circulation</td><td>-</td></tr></table>	Contract	Investor-based position limit	The upper limit when investor-based position limit is exceeded	Equity Futures and	Investor-based position limit is 53% of the Equity amount in circulation	-
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Gold Futures and option contracts	5.000.000	- 20% of total open interest in the same direction, in the contracts written on the same underlying asset.	options contracts	announced by the CRA for each underlying equity.	
Wheat EWR Futures Contracts	15.000	- 20% of total open interest in the same direction, in the contracts written on the same underlying asset.	All Futures and options contracts	The fixed position limits announced by general letter for each underlying asset.	It is 10% of total open interest in the same direction, in the contracts written on the same underlying asset.
Ege Cotton EWR futures contract	3.000	- 20% of total open interest in the same direction, in the contracts written on the same underlying asset.	Wheat EWR Futures Contracts	15.000	-20% of total open interest in the same direction, in the contracts written on the same underlying asset.
			Ege Cotton EWR futures contract	3.000	-20% of total open interest in the same direction, in the contracts written on the same underlying asset.
Other futures and option contracts	Investor-based position limit is 50.000 contracts on positions in the same direction for the contracts written on the same underlying asset. For cash settled contracts which are written on the same underlying asset but	- 20% of total open interest in the same direction, in the contracts written on the same underlying asset. - Upon official request of a member, the limit shall be increased up to 100,000 for	Other futures and	Investor-based position limit is 50.000 contracts on positions in the same direction for the contracts written on the same underlying asset.	-20% of total open interest in the same direction, in the contracts written on the same underlying asset. -Upon official request of a member, the limit shall

	which have different contract size, investor based position limit is the number of underlying of the standart contract (50.000 contracts x contract size)	Individual investor; 150.000 fir legal enstitites and 250.000 for local and foreign investment institutions which hold bank and brokerage house status.
<p>(4) Number of positions taken by the joint accounts is followed on the basis of one investor.</p> <p>(5) By taking the opinion of the Exchange and the developments in the Market into consideration, investor-based position limits may be increased up to five times by the General Manager.</p> <p>(6) Investor based limits will not be applied to market makers.</p> <p>(7) After each corporate actions, underlying asset position limits will be recalculated.</p> <p>(8) <i>(Addition: Published by the General Letter numbered 1770, dated February 10, 2022)</i> In position limit controls, the offset position amount is not taken into account.</p>		
<p>option contracts</p>	<p>For cash settled contracts which are written on the same underlying asset but which have different contract size,</p> <p>investor based position limit is the number of underlying of the standart contract (50.000 contracts x contract size)</p>	<p>be increased up to 100,000 for</p> <p>Individual investor; 150.000 fir legal enstitites and 250.000 for local and foreign investment institutions which hold bank and brokerage house status.</p>
<p>(4) Number of positions taken by the joint accounts is followed on the basis of one investor.</p> <p>(5) <i>(Amendment Published by the General Letter numbered 1831, dated November 30, 2022)</i> Investor-based fixed position limits can be increased up to 10 times upon member request. Positive opinion is taken from the Exchange for requests for an increase of more than 2 times. By taking the opinion of the Exchange and the developments in the Market into consideration, investor-based position limits may be increased up to five times by the General Manager.</p> <p>(6) Investor based limits will not be applied to market makers.</p> <p>(6) After each corporate actions, underlying asset position limits will be recalculated.</p>		

Risk limits

Article 32- (1) (Amendment Published by the General Letter numbered 1357, dated June 09, 2017) For the markets in which CCP service is provided Takasbank assigns risk limits to the Member to the extent of their financial capabilities. Risk limits are determined over the required margin amounts, the key for risk limit calculation in relation to the positions carried by the Members in the markets where CCP service is provided.

(2) *(Addition Published by the General Letter numbered 1357, dated June 09, 2017)* Risk limits are determined separately for each market which CCP service is provided. Monitoring of limit is executed based on total amount in BISTECH System.

(3) The risk limit allocated to each particular Member belongs exclusively to that Member and shall be notified by Takasbank to the relevant Member.

~~(4) (Amendment Published by the General Letter numbered 1357, dated June 09, 2017) (Addition: Published by the General Letter numbered 1608, dated January 15, 2020) (Amendment: Published by the General Letter numbered 1770, dated February 10, 2022)~~ It is checked at intraday

(7) *(Addition: Published by the General Letter numbered 1770, dated February 10, 2022)* In position limit controls, the offset position amount is not taken into account.

(8) *(Addition: Published by the General Letter numbered 1831, dated November 30, 2022)* The number of shares in actual circulation used in the calculation of the investor-based limit is updated on the last business day of the week.

(9) *(Addition: Published by the General Letter numbered 1831, dated November 30, 2022)* The fixed position limits are reviewed once a month, taking into account the market conditions. If deemed necessary, the limits are revised in line with the market conditions without waiting for the expiry of the one-month period.

Risk limits

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(4) *(Amendment: Published by the General Letter numbered 1831 dated November 30, 2022)* .It is checked at ~~end of day~~ **intraday** risk calculation batches whether the amount of required margin, the key in calculating risk limits arising from all positions including by taking into account the offset collateral values that the member has taken on its own and its clients'

risk calculation batches whether the amount of required margin, the key in calculating risk limits arising from all positions including by taking into account the offset collateral values that the member has taken on his/her own and his/her clients' behalf in the markets where CCP service is provided, exceeds the risk limit. Limit control of the transactions performed in the AHT session is checked at the first risk calculation batch at the beginning of the day.

(5)(*Amendment Published by the General Letter numbered 1357, dated June 09, 2017*) If the member exceeds his/her risk limit, the excess amount is multiplied incrementally by the coefficients specified in paragraph 7 of this Article, and the calculated total amount is reflected onto the "extra trade margin" account, where the obligations arising from the exceedings related to the Member's risk limits, are followed. An electronic margin call is issued to the Member who is in short of margin in the extra trade margin account. If the Member does not fulfil its extra trade margin requirement until 15:00 on the business day following the margin call, default provisions are applied.

(6) (*Amendment Published by the General Letter numbered 1790, dated April 8, 2022*) If the limits exceed 300%, without checking if the margin balances are sufficient or not, the Member may be prevented from routing orders through any of his/her accounts. All standing orders on the accounts blocked from routing orders, are automatically cancelled on BISTECH operation system. If the amount of required margin, the key for risk limit calculation, falls below 300% level, order routing is allowed again.

(7) The ratio of total margin requirement in all accounts of a Member to the risk limit of that Member, and the coefficients corresponding to the relevant ratio are given below. ~~The total additional collateral amount to be requested as a result of limit overruns shall be calculated by~~

behalf in the markets where CCP service is provided, exceeds the risk limit. ~~Limit control of the transactions performed in the AHT session is checked at the first risk calculation batch at the beginning of the day~~

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~~7~~6) (*Amendment Published by the General Letter numbered 1831, dated November 30, 2022*) The ratio of total ~~margin requirement~~ the basis for the risk limit calculation in all accounts of a Member to the risk limit of that Member, and the coefficients corresponding to the relevant ratio are

multiplying the amounts that fall into each range with the coefficients exclusively determined for that range.

Initial Margin / Risk Limit Ratio	Coefficient
%100 < ratio ≤ %130	0,2
%131 < ratio ≤ %150	0,3
%151 < ratio	1,0

given below. The total additional collateral amount to be requested as a result of limit overruns shall be calculated by multiplying the amounts that fall into each range with the coefficients exclusively determined for that range.

Initial Margin Margin Requirements To Be Used As A Basis For Risk Limit Calculation / Risk Limit Ratio	Coefficient
%100 < ratio ≤ %130	0,75
%131 < ratio ≤ %150	1,0
%151 < ratio ≤ %200	2,0
%201 < ratio	3,0

(7) (*Amendment Published by the General Letter numbered 1831, dated November 30, 2022*) In case the Risk/Limit ratio exceeds 200% in the controls made for the end of the day risk calculation, it is also checked whether the margin requirements to be used as a basis for risk limit calculation in the derivative market exceed 200% of the limit allocated for the derivatives market. In the event that both the risk/limit ratio and the derivatives market limit exceed 200%, position increasing order transmission over all the member's accounts in the derivatives market is blocked, regardless of whether the collateral balances are sufficient or not. All existing passive orders of accounts whose order transmission is blocked are automatically canceled in the BISTECH trading system. In the event that the Risk/Limit ratio of the relevant member falls below 200% during the controls at the end of the next day, or if the margin requirements to be used as a basis for risk limit calculation in the derivatives market fall below 200% of the limit allocated for the derivatives market, position increasing order transmission is allowed again.

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(8) (Amendment Published by the General Letter numbered 1829, dated November 06, 2022) Assets that will be accepted as margin collateral for the extra margin account and group limits to be applied to those assets for the collateral valuation are given below. The margin requirements must be covered by the assets owned by the Member or on which the Member has the power of disposition.

Assets accepted as margin collateral for extra margin account	Group Limits
Turkish Lira	Max 100%
Foreign Currency (USD,EUR,GBP)	Max 70%
Government Domestic Debt Securities	Max 70%
Eurobonds issued by the Republic of Türkiye Ministry of Treasury and Finance	Max 70%
Lease certificates issued by Asset Leasing Incorporation of the Undersecretariat of Treasury of the Republic of Türkiye	Max 70%
Stock Umbrella Fund Shares	Max 70%
Debt Securities Umbrella Funds Shares	Max 70%
Gold with Exchange Trading Standard	Max 70%
Mortgage-backed securities, mortgage-based securities, asset-backed securities and asset-based securities	Max 70%
Borsa İstanbul A.Ş. Shares	Max 70%

İstanbul Takas ve Saklama Bankası A.Ş.

(8) (Amendment Published by the General Letter numbered 1829, dated November 06, 2022) Assets that will be accepted as margin collateral for the extra margin account and group limits to be applied to those assets for the collateral valuation are given below. The margin requirements must be covered by the assets owned by the Member or on which the Member has the power of disposition.

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Stock Umbrella Fund Shares	Max 70%
Debt Securities Umbrella Funds Shares	Max 70%
Gold with Exchange Trading Standard	Max 70%
Mortgage-backed securities, mortgage-based securities, asset-backed securities and asset-based securities	Max 70%
Borsa İstanbul A.Ş. Shares	Max 70%

Commodity Certificates (Gold Based) issued by Directorate General of Mint and Stamp Printing House of Republic of Türkiye, Ministry of Treasury and Finance	Max 70%	Commodity Certificates (Gold Based) issued by Directorate General of Mint and Stamp Printing House of Republic of Türkiye, Ministry of Treasury and Finance	Max 70%
		<p>(9) <i>(Addition Published by the General Letter numbered 1831, dated November 30, 2022)</i> Takasbank is authorized to increase the calculated additional transaction collateral amount up to 100% if the said limit exceedings are not closed within two business days by the relevant member.</p> <p>ARTICLE 69 - (Addition: Published by General Letter numbered 1831, November 30, 2022) (1) The limit values to be announced by the general letter specified in the third paragraph of Article 24 will enter into force on 04.01.2023.</p> <p>(2) Existing limits will continue to be used for investors whose limit has been increased before.</p> <p>(3) The seventh and ninth paragraphs of Article 32 are going to come into force two months after the announcement.</p>	

Limits	
Futures and Options	
Contracts	Fixed Limits

AEFES	1,000
AKBNK	117,000
AKSEN	6,000
ALARK	6,000
ALKIM	1,000
ARCLK	3,000
ASELS	16,000
BIMAS	5,000
CCOLA	1,000
CNHTRY	1,000
DOHOL	68,000
ECILC	6,000
EKGYO	118,000
ELCBASM	1,000
ELCBASQ	250
ELCBASY	100
ENJSA	7,000
EREGL	20,000
EURTRY	50,000
EURUSD	5,000
FROTO	1,000
GARAN	58,000
GBPUSD	5,000
GUBRF	7,000
HALKB	34,000
HEKTS	7,000
ISCTR	70,500
ISFIN	27,000
ISGYO	37,000
KARSN	14,000
KCHOL	19,000
KOZAA	9,000

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KOZAL	2,000
KRDMD	33,000
MGROS	1,000
ODAS	107,000
OYAKC	8,000
PETKM	55,000
PGSUS	1,000
RUBTRY	5,000
SAHOL	64,000
SASA	3,000
SASX10	1,000
SISE	45,000
SKBNK	68,000
SOKM	4,000
TAVHL	6,000
TCELL	22,500
THYAO	35,000
TKFEN	8,000
TLREF	2,500
TOASO	3,000
TRGYO	7,000
TRT020926T17	1,000
TRT131130T14	1,000
TRT200923T18	1,000
TSKB	114,000
TTKOM	24,000
TUPRS	2,000
TURSG	17,000
ULKER	2,000
USDTRY	100,000
USDTRYK	100,000
VAKBN	52,000

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VESTL	6,000
X10XBD	1,000
XAGUSD	15,000
XAUTRY	250,000
XAUUSD	6,600
XLBNKD	1,000
XPDUSD	1,000
XPTUSD	1,000
XU030D	30,000
YKBNK	170,000