

General Letter: 2012

Istanbul, 02/12/2024

Unofficial Translation

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DEBT SECURITIES CLEARING AND SETTLEMENT TEAM

Subject: About the Developments for Blocking the Repo Security for the Duration of the Repo in the Repo Market for Specified Securities

Related Parties: Banks

Brokerage Houses
Participation Banks
Pension Funds
Mutual Funds

Dear General Manager,

As is known, as stated in the general letter dated 08.11.2010 and numbered 1014, published by our Bank, the securities receivables from transactions carried out in Repo Market for Specified Securities, which operates within the Borsa İstanbul A.Ş. Debt Securities Market, are transferred to the SERB sub-account of the OTH account of the members at the Central Securities Depository (MKK).

According to the new change, as stated in the first announcement dated 29.11.2024 and numbered E-18454353-100.04.02-30854, published by the Borsa İstanbul A.Ş. Debt Securities Market, the securities delivered to Takasbank on the value date1 by the member conducting the repo in Repo Market for Specified Securities , in order to fulfill the settlement obligation, will be held in the blocked sub-account of the reverse repo member as collateral for the reverse repo until the end of the repo transaction value date2.

The details of the new regulations and changes made in this context are attached, and it is planned that these developments will come into effect on 23.12.2024.

Kindly submitted for your information.

Sincerely Yours,

TAKASBANK

ISTANBUL SETTLEMENT AND CUSTODY BANK INC.

Muhterem ÇELİK

Gökhan ELİBOL

Director

Executive Vice President

Attachment: Regarding the Details of the Developments (2 pages)

Regarding the Details of the Developments for Blocking the Repo Security for the Duration of the Repo in the Repo Market for Specified Securities

The details of the developments and regulations mentioned in our General Letter are as follows:

- There are no changes in the clearing and settlement processes. As before, our members can monitor the cash/securities debt/credit information resulting from the transactions from corporate bonds included in the settlement in the Repo Market for Specified Securities and Outright Purchases and Sales Market through the screens under BISTECH Integration processes in the Takasweb menu.
- In the transactions included in the Repo Market for Specified Securities settlement, members can continue to track their debts and credits from the RP146 and RP147 reports on the MKK screens, as before. Additionally, a "Sub Account" column has been added to these reports. The receivables to be transferred to the reverse repo member's blocked account on the value date1 and the debts to be closed from blocked accounts on the value date2 will be tracked as "B" (Blocked Sub Account), while the debts to be closed from the free sub-account on value date1 and the receivables to be transferred to the free sub- account on value date2 will be tracked as "S" (Free Sub Account).
- In the current situation, net liabilities resulting from private sector debt securities transactions conducted in the Repo Market for Specified Securities and Outright Purchase and Sales Market are settled by our members through OTH and OTHNC accounts, considering the CCP/NCCP distinction on the MKK screens. After the latest update, no debt closing transaction will be made through the MKK screens, and the security debts resulting from the netting will be closed automatically if there is a balance in the member's account at the MKK.
- In transactions included in the Repo Market for Specified Securities settlement, the Private Sector Debt Instruments received as collateral for the reverse repo on the value date1:
 - If the transaction is a portfolio transaction, they will be held in the MRBL (Menkul Repo Takas İi Bloke) Sub Account opened under the MRPH Account.
 - If the transaction is a client transaction, they will be held in the MRBL Sub Account,
 - If the transaction is a Collective Investment Scheme (CIS) transaction, they will be held blocked in the MRBL Sub Account (1101K numbered Kaydi Borsa İi Ters Repo Teminat Depo Account at Takasbank) until the value date 2.
- In OTC transactions, private sector debt instruments purchased in return for reverse repo will be transferred by the reverse repo member to the MTDB (Menkul Repo Takas İi Bloke) sub-account of the relevant customer at the MKK or to the CIS's 1102K numbered OTC Reserve Repo Collateral Account at Takasbank. In this regard, the MKK screens 0110 OSBA Repo ve Bor Kapama Giriř Ekranı used for the transaction to 1102K – OTC Reserve Repo Collateral Account, which was announced in the general letter numbered 1278 will be closed.

- For repo transactions conducted on behalf of CIS, whether included in the settlement or not (OTC), the Private Sector Debt Instruments exit transfers for the repo will be reflected on the Borçlanma Araçları Virman İşlemleri– Kaydi İşlemler – Kaydi Kıymet Virmanları Giriş ve Onay screen under the Debt Securities Transactions section in the Takasweb menu on the value date1. Our members are required to check and approve these records.
- On the value date2, the system will automatically perform the blocked settlement debt closing transactions for the securities held in the blocked sub-accounts at MKK (client/portfolio MRBL sub-account or the 1101K under the CIS at Takasbank) related to the transactions included in the settlement conducted in the Market. Exceptionally, CIS return transfers according to MKK policies may fall for approval on the KT18 screens. Our members need to check these screens and approve the debt closing transactions.
- On the value date2, for the return transfers related to transactions not included in the settlement (OTC) conducted in the Market:
 - The securities in the 1102K Kaydi Borsa Dışı Ters Repo Teminat Depo the CIS at Takasbank will be automatically transferred by the system to the SERB sub-account at MKK of the relevant upper member. It is important to ensure that the transfers to the relevant CIS blocked sub-account are correctly made by the reverse repo member on the value date1 to avoid errors in automatic return records. If errors occur, the transfer must be performed by the member.
 - The transfer of securities in the client/portfolio MTDB blocked sub-accounts at MKK will be the responsibility of the relevant member.
- It is important to use the real client, portfolio, and CIS numbers (AFK Code) defined at MKK during the order stage for all transactions included in and not included in the settlement to prevent possible default situations and transfer errors. In case of incorrect client's numbers, records will be reflected in the AKHATAP (Aracı Kurum Hata Portföy Hesabı) accounts at MKK, and the relevant member will be responsible for executing the associated transactions.
- In the current situation, OTH is automatically written in the “MKK Customer Number” and “MKK Counterparty Number” sections for FoP and bilateral transactions executed on the “Kaydi İşlemler” screens under the Debt Securities Transactions menu by CIS due to incorrect or off the market transactions. After the developments, it will require CIS code for “MKK Customer Number” section and counterparties CIS code for “MKK Counterparty Number” section. If the counterparty is bank/brokerage firm, transaction will be conducted using customer number of the counterparty under MKK.