

General Letter: 1728

Istanbul, 23/09/2021

Energy & Commodity
Clearing and Settlement Team

Subject: About Providing Clearing and Collateral Management Service to the Natural Gas Futures Market (NFM) by our Bank as a Central Settlement Institution

Related Participants : Natural Gas Market Members

Dear General Manager,

As is known, as of 01.10.2021, with the commencement of the Natural Gas Futures Market within the scope of the Energy Exchange Istanbul (EXIST) our Bank will provide cash settlement and collateral management services (Service) to the Market as the "Central Settlement". In this framework; covering the procedures and principles regarding membership, clearing, collateral management and default transactions Cash Clearing and Collateral Management Service to be Carried out by Istanbul Settlement and Custody Bank A.Ş. in the Energy Markets Operations Inc. Natural Gas Futures Market and Principles Regarding This Service" has been published on our website.

In this framework, the Istanbul Settlement and Custody Bank Inc.'s EPIAŞ on Natural Gas Market Cash Settlement and Collateral Management Service and the Principles that are related to this service Procedure (Procedure) is amended and the comparison table of the amendments of Procedure. It is included in Appendix 1.

Procedure is accessible at our web sites under (<https://www.takasbank.com.tr/en/rules-and-regulations/procedures>).

The Takasbank platform, which will be used by the participants within the scope of the service to be provided by our bank, has been will be activated as of 27.09.2021. The formats of which are included in appendix 2 and appendix 3. Takasbank Central Settlement Institution - Participant Agreement Pre-Contractual Information Sheet and Participant Agreement must be signed by the persons with the highest authority of the company and submitted to our Bank with wet signatures.

Members who do not sign the relevant form and agreement will not be able to take action. Members who complete the membership process will be able to make deposits as of 27.09.2021.

The fee schedule to be applied with the transition is given below.

Service Name	Service Description	Fee Base	Fee/Rate
Membership Annual Fee	Membership Fee collected from the members.	Fixed TRY	1000 TL
Cash Clearing and Settlement Commission	Commission charged for the cash clearing and settlement services provided to Natural Gas Futures Market participants, on the total trading volume that the participant has executed in the market in the relevant month.	Transaction Volume	0.0005% (0.5 basis points)
Collateral Management Commission	It is charged on the total non-cash collateral amounts provided by the participants on behalf of the Market Operator	Collateral Amount	0.1% (Yearly one per-mille)
Interest Accrual Commission	It is charged for the services of interest accruals on cash collateral in Turkish Lira.	Gross Accrued Interest Amount	3% (three percent)

Questions about membership can be sent to uye@takasbank.com.tr, and questions about clearing operations can be sent to eet@takasbank.com.tr via mail.

Respectfully submitted for your information and further action.

Sincerely yours.

TAKASBANK
İSTANBUL SETTLEMENT AND CUSTODY BANK INC

Gökhan ELİBOL
Executive Vice President

Avşar R. SUNGURLU
CEO
Board Member

Annex:

Natural Gas Market Procedure Comparison Chart (5 page)

Participant Agreement Pre-Contractual Information Sheet (4 page)

Participant Agreement must (11 page)

TABLE OF CHANGES IN THE PROCEDURE ON CENTRAL SETTLEMENT SERVICE TO BE PROVIDED BY ISTANBUL CLEARING, SETTLEMENT AND CUSTODY BANK, INC. AT THE NATURAL GAS ORGANIZED WHOLESALE MARKET OF ENERGY EXCHANGE ISTANBUL AND THE PRINCIPLES REGARDING THIS SERVICE

Definitions and abbreviations	Definitions and abbreviations
<p>ARTICLE 4</p> <p>(v) USD: means the monetary unit of the USA</p> <p>(y) Member: means the market participant authorized to execute trading transactions in the Natural Gas Market and the system user injecting gas from the Natural gas transmission system or delivering gas to the system or enabling gas transit over the system</p> <p>(z) Regulation: means the Natural Gas Organized Wholesale Market Regulation.</p>	<p>ARTICLE 4</p> <p><u>(v) Default Guarantee Account (DGA) Contribution Margin: market participants' Natural Gas Futures Market contribution , which are held and retained at the Central Settlement Institution and/or Market Operator in order to be used in case that market participants fail to fulfil their obligations under the Natural Gas Futures Market</u></p> <p>(vy) USD: means the monetary unit of the USA</p> <p>(yz) Member: means the market participant authorized to execute trading transactions in the Natural Gas Market and the system user injecting gas from the Natural gas transmission system or delivering gas to the system or enabling gas transit over the system</p> <p><u>(aa) NFM Collateral: means the collateral deposited for the Natural Gas Futures Market</u></p> <p>(zbb) Regulation: means the Natural Gas Organized Wholesale Market Regulation</p>

Distribution of advance receivables

ARTICLE 17

(3) If the participant has insufficient invoice transaction and imbalance collateral, the invoice transaction and imbalance collaterals are automatically completed, respectively, using the advance receivable. The remaining receivable amount is transferred to the participant's correspondent bank or assignment bank account via EFT

Collection of invoice debts

ARTICLE 18

(4) Cash debts that are not closed out by members on such deadlines shall be automatically closed on the following business day (T+5) if the member's free current account has sufficient cash balance. For the portion closed out from the free account, the invoice transaction debt constitutes the debt that is of priority. If there is insufficient balance in the free account; the participant's imbalance collateral is used for the debt related with imbalance collateral and its invoice transaction collateral is used for the debt related with invoice transaction collateral.

Distribution of advance receivables

ARTICLE 17

(3) If the participant has insufficient NFM collateral, DGA contribution and spot market collateral, invoice transaction, imbalance collateral, NFM transaction collateral, DGA contribution ~~invoice transaction and imbalance collateral, the invoice transaction and imbalance collaterals~~ are automatically completed, respectively, using the advance receivable. If any, unpaid debts on time; Spot Invoice Default (Invoice Transaction and Imbalance), NFM Invoice Default and Spot Advance Default are deducted and the remaining receivable amount is transferred to the participant's correspondent bank or assignment bank account via EFT.

Collection of invoice debts

ARTICLE 18

(4) Cash debts that are not closed out by members on such deadlines shall be automatically closed on the following business day (T+5) if the member's free current account has sufficient cash balance. For the portion closed out from the free account, the invoice transaction debt constitutes the debt that is of priority. If there is insufficient balance in the free account; ~~the participant's imbalance collateral is used for the debt related with imbalance collateral and its invoice transaction collateral is used for the debt related with invoice transaction collateral.~~

For invoice transaction debt, respectively;

- a) Excess Cash TRY invoice transaction collateral,
- b) TRY Cash portion of invoice transaction collateral that must be kept,
- c) Non-Cash excess portion of invoice transaction collateral that must,
- ç) Non-Cash portion of invoice transaction collateral that must be kept,
- d) Excess Cash TRY imbalance collateral,
- e) Non-Cash excess portion of Imbalance collateral that must,
- f) Excess Cash TRY spot transaction collateral,
- g) Excess Cash TRY NFM transaction collateral,
- ğ) Non-Cash excess portion of NFM collateral that must,
- h) Excess Cash TRY DGA contribution margin amount,
- ı) Non-Cash excess of the DGA contribution margin amount,

For imbalance invoice debt, respectively;

- a) Excess Cash TRY imbalance collateral,
- b) TRY Cash portion of collateral that must be kept,
- c) Non-Cash excess portion of imbalance collateral that must,
- ç) Non-Cash portion of imbalance collateral that must be kept,
- d) Excess Cash TRY invoice transaction collateral,
- e) Non-Cash excess portion of invoice transaction collateral that must,
- f) Excess Cash TRY spot transaction collateral,

(5) No default interest is calculated for the debts closed out from the free account and the cash collateral surplus

Distribution of invoice receivables

ARTICLE 19

(5) If the participant has insufficient invoice transaction and imbalance collateral, the invoice transaction and imbalance collaterals are automatically completed, respectively, using the invoice receivable. The remaining receivable amount is transferred to the participant's correspondent bank or assignment bank account via EFT

[g\) Excess Cash TRY NFM transaction collateral,](#)

[ğ\) Non-Cash excess portion of NFM transaction collateral that must,](#)

[h\) Excess Cash TRY DGA contribution margin amount,](#)

[ı\) Non-Cash excess portion of DGA contribution margin amount that must](#)

[is referenced.](#)

(5) No default interest is calculated for the debts closed out from the free account and the cash collateral surplus [of the related debt.](#)

Distribution of invoice receivables

ARTICLE 19

(5) If the participant has [insufficient NFM collateral, DGA contribution and invoice transaction, imbalance collateral, NFM transaction collateral and DGA contribution insufficient invoice transaction and imbalance collateral,](#) ~~the invoice transaction and imbalance collaterals~~ are automatically completed, respectively, using the invoice receivable. [If any, unpaid debts on time; Spot Invoice Default \(Invoice Transaction and Imbalance\), NFM Invoice Default and Spot Advance Default are deducted and](#) the remaining receivable amount is transferred to the participant's correspondent bank or assignment bank account via EFT.

Default penalty and grievance/compensation payment interest

ARTICLE 24

(6) The minimum default base is TL 100; and the minimum default amount is TL 10. No default is calculated for the amounts below the minimum default base. The minimum default amount is collected from the members for the default amounts calculated and found below the minimum default amount.

Default penalty and grievance/compensation payment interest

ARTICLE 24

(6) Minimum default base amount and its interest are determined by Market operator and announced to market participants through CTP. Default shall not be calculated for the amounts below the minimum default base amount. The minimum default interest amount shall be collected from the Market participant for the default interests calculated below the minimum default interest amount.

~~The minimum default base is TL 100; and the minimum default amount is TL 10. No default is calculated for the amounts below the minimum default base. The minimum default amount is collected from the members for the default amounts calculated and found below the minimum default amount.~~