

DIRECTIVE ON THE COLLATERAL MANAGEMENT SERVICE TO BE PROVIDED BY İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş. IN BORSA İSTANBUL INC. PRECIOUS METALS LENDING MARKET

CHAPTER ONE General Provisions

Purpose

ARTICLE 1 - 1) The purpose of this Directive is to regulate the principles and procedures regarding the collateral management service to be provided by Istanbul Takas ve Saklama Bankası A.Ş. in Borsa Istanbul Inc. Precious Metals Lending Market.

Scope

ARTICLE 2 - 1) This Directive covers the matters regarding membership, account, collateral, earnings and other issues related to the collateral management service to be provided by Istanbul Takas ve Saklama Bankası A.Ş. in Borsa Istanbul Inc. Precious Metals Lending Market.

Basis

ARTICLE 3 - 1) This Directive has been prepared in accordance with Article 77 of the Capital Markets Law No. 6362, the Borsa Istanbul Inc. Regulation on Principles Relating Stock Exchange Activities, the Borsa Istanbul Inc. Regulation on Principles of Exchange Activities Relating to Precious Metals and Precious Stones, the Borsa Istanbul Precious Metals Market and Precious Metals Lending Market Directive, the Borsa Istanbul Precious Metals and Precious Stones Market Procedure, the General Regulation on the Establishment and Operating Principles of the Central Clearing and Settlement Institutions, and the Istanbul Takas ve Saklama Bankası A.Ş. Central Clearing Regulation.

Definitions and abbreviations

ARTICLE 4 - 1) Terms used in this Directive shall bear the following meanings.

- a) **Exchange:** Borsa Istanbul Inc.
- b) **General Manager:** The General Manager of Istanbul Takas ve Saklama Bankası A.Ş.
- c) **Trade margin:** Collateral deposited to the custody accounts opened at Takasbank.
- ç) **Precious Metal:** Standard precious metals traded in the Exchange.
- d) **Precious Metals Lending Market (Market):** Borsa Istanbul Inc. Precious Metals Lending Market.
- e) **Procedure:** The Procedure On The Collateral Management Service To Be Provided By Istanbul Takas ve Saklama Bankası A.Ş. In Borsa Istanbul Inc. Precious Metals Lending Market and The Principles Regarding This Service, comprising the implementing principles approved by the General Manager.
- f) **System:** Takasbank system in which the collateral management of the transactions conducted in the Market is carried out.

- g) **Takasbank:** Istanbul Takas ve Saklama Bankası A.Ş.
- ğ) **Member:** Those among the institutions authorized by the Exchange to trade in the Market, which has fulfilled Takasbank membership conditions under this Directive.
- h) **Directive:** This Directive On The Collateral Management Service To Be Provided By Istanbul Takas ve Saklama Bankası A.Ş. In Borsa Istanbul Inc. Precious Metals Lending Market.
- ı) **Regulation:** Istanbul Takas ve Saklama Bankası A.Ş. Central Clearing Regulation.
- i) **Board of Directors:** The Board of Directors of Takasbank.

CHAPTER TWO

Principles for Membership

Conditions for membership

ARTICLE 5 - 1) The following membership conditions must have been met to receive the collateral management services for the Market.

- a) There must be trading authorization in the Market.
- b) The Market membership agreement and the pre-agreement information form whose contents are determined by Takasbank must have been signed and submitted.
- c) The technical infrastructure determined and announced to the members by Takasbank must have been established and the necessary measures to ensure its operability must have been taken in order to perform the transactions at Takasbank.
- ç) The accounts designated by Takasbank must have been opened.
- d) The membership collateral must have been deposited.

Membership application and acceptance

ARTICLE 6 - 1) The institutions to be applied for membership are required to make an application to Takasbank together with the information and documents affirming the fulfillment of the conditions prescribed for membership in the Directive, and send the information and documents referred to in Article 10 of the Regulation as well as the membership agreement and the pre-agreement information form to Takasbank.

2) The filed applications shall be reviewed by Takasbank in terms of whether the conditions prescribed in Article 5 have been met or not. In order to commence its operations at Takasbank, the institution whose membership application is accepted must, following the notification that its membership application has been found eligible, deposit the membership collateral and authorize the personnel who will trade on behalf of the member in Takasbank system.

Obligations of members

ARTICLE 7 - 1) The Market members are obliged to comply with the following issues to be able to get authorization to perform the transactions of themselves and/or of their customers:

- a) Act in accordance with all rules and principles stipulated by this Directive and other relevant legislation for the service being provided,
 - b) Behave in accordance with the principles of honesty and good faith towards their customers and other members,
 - c) Adhere to the system time periods determined by Takasbank,
 - ç) Fulfil the fees, commissions and other obligations required by Takasbank in due time,
 - d) Furnish all types of information and documents that may be requested on issues deemed necessary by Takasbank in relation to their business and transactions falling under the scope of this Directive and provide all types of support in the investigations to be carried out by Takasbank officers,
 - e) Adapt the system revisions to be made by Takasbank within the prescribed time periods and participate in the tests,
 - f) Fulfill their other obligations under this Directive in due time and in a complete manner.
- 2) If any Member foresees that it will be unable to either partially or wholly fulfill its obligations, this Member is obliged to notify such situation immediately to the Exchange and Takasbank together with all substantiating information and documents describing its reasons thereof. Such notification shall not constitute an impediment for Takasbank to take the necessary measures stipulated in the Directive.
- 3) The members are responsible for the fulfillment of all obligations relating to the transactions they have conducted in accordance with the activities stipulated under the Directive and for any function performed by their employees pursuant to their duties.
- 4) The members conduct their transactions via remote access by using the user codes and passwords allocated to the personnel they have authorized. The responsibility arising from the transactions conducted in the system by using the allocated password and from the use of the password by unauthorized people shall belong to the member.
- 5) In cases when access to the system is not possible, the transactions may be executed by Takasbank in accordance with the written instructions to be given by people holding authority to represent the member.
- 6) The members are responsible for following the announcements and messages relating to the Market through Takasbank system and other means of communication.

Restricting activities of the members

ARTICLE 8 - 1) The activities of the members under this Directive may be restricted by Takasbank in the following situations.

- a) Restriction or temporary suspension of its trading authorization in the relevant market pursuant to Article 13 of the Regulation,
- b) Failure to fulfill the obligations stipulated in the Directive, the Procedure and the membership agreement,
- c) Identification of any unfavorable situation for the member such as protest, seizure, provisional injunction, etc., or temporary or permanent suspension of its activities, cancellation of its relevant operating permit, prohibition to conduct any transaction for the assets traded in the Market for any reason, or decision rendered on its gradual liquidation or bankruptcy.

2) If any situation referred to in this Article occurs, Takasbank may resolve the outstanding collateral of the Member to be liquidated either in part or in whole.

3) If the member's activities are restricted for reasons referred to in this Article, the situation shall be immediately notified to the Exchange.

Terminating the membership

ARTICLE 9 - 1) The membership may be terminated in accordance with the relevant provisions of Article 13 of the Regulation.

CHAPTER THREE

Collateral Management Principles

Membership collateral

ARTICLE 10 - 1) The Market participants deposit a "membership collateral" to cover the losses that may be incurred in case of failure to fulfill the dues, fees, commissions and other obligations against Takasbank within the time period given to them. This amount can be re-determined by the Board of Directors by taking account of the developments occurred in the Market, subject to the approval of the Capital Markets Board. The membership collateral is deposited in Turkish Lira. The membership collateral shall be announced to the members on Takasbank's website.

2) If the Members fail to fulfill their obligations under the first paragraph, Takasbank shall collect the relevant amount from the membership collateral. After the collection operation, the Member shall restore its membership collateral to the amount referred to in the first paragraph within 3 business days. Should the deficit amount fail to be restored, the relevant amount shall be collected ex officio from the member.

3) In case of termination of membership, the membership collateral shall be returned provided that all obligations of the member against Takasbank have been settled.

Trade margin

ARTICLE 11 - 1) Collateral, the amount of which is calculated within the framework of the methods determined by the Exchange, shall be collected from the members to be used for the defaults that may arise due to clearing transactions. The collateral collected for clearing is collected from the members to ensure that the precious metal subject to default shall not be affected by the price fluctuation risk during the period from the occurrence of a default until the resolution of such default.

Assets eligible as trade margin and the composition limits

ARTICLE 12 - 1) The following assets, determined by the Exchange, can be used by the members for the fulfillment of the collateral obligations.

- a) Cash Turkish Lira
- b) Convertible Foreign Currency (USD, EUR)

- c) Letter of Guarantee (TRY, USD)
- ç) Government Domestic Debt Securities
- d) Lease certificates issued by the Republic of Türkiye Undersecretariat of Treasury, Asset Leasing Company
- e) Republic of Türkiye Undersecretariat of Treasury Foreign Debt Securities (Eurobond)
- f) Precious metals traded in the Exchange.

2) Among the assets listed in the first paragraph, the letters of guarantee and precious metals shall be held at the Exchange, and the others shall be held in custody at Takasbank on behalf of the Exchange.

3) The composition limits regarding the assets eligible as collateral are subject to the ratios set out in the table below.

Assets Eligible as Trade Margin	Group Limit	Sub-Group Limit (as a Percentage of Group Limit)
Cash Turkish Lira	Maximum 100%	-
Convertible Foreign Currency (USD-EUR)	Maximum 100%	-
Letter of Guarantee (TRY, USD)	Maximum 100%	-
Government Domestic Debt Securities	Maximum 70%	35% (per ISIN)
Lease certificates issued by the Republic of Turkey Undersecretariat of Treasury, Asset Leasing Company	Maximum 70%	35% (per ISIN)
Republic of Türkiye Undersecretariat of Treasury Foreign Debt Securities (Eurobond)	Maximum 70%	35% (per ISIN)
Precious metals traded in the Exchange	Maximum 100%	-

4) The group limits are calculated over the total deposited collateral.

5) In calculating the sub-group limits, the total valued portion of the relevant asset amount to which the group limit has been applied shall be taken into account.

Valuation haircuts

ARTICLE 13 - 1) The valuation haircuts to be used in calculating the collateral values of the assets

eligible as trade margin shall be determined in the Procedure.

Use of trade margins

ARTICLE 14 - 1) The trade margins in the form of letters of guarantee and precious metals held at the Exchange, and the collateral held in custody at Takasbank, are used for the fulfillment of the member's obligations. In the event that recourse is had to the collateral, which assets shall be used first shall be jointly determined by the Exchange and Takasbank by taking account of the liquidity conditions.

2) In cases where the Member falls into default due to failure to fulfill its cash and/or precious metal obligation relating to the transactions it has conducted in the Market, and the receivables are required to be covered from the collateral, the Exchange, with respect to letters of guarantee and precious metals, and Takasbank, with respect to the other collateral, upon the written request of the Exchange, shall be entitled to sell the asset subject to collateral, provided that it would not be lower than its value in the exchange or another organized market, if such asset is listed in any of these markets, and cover its receivable from the sale proceeds or offset the values of such assets from the obligations of the obligor, without having any obligation to fulfill any precondition such as serving any notice or warning, allotting time, obtaining a permission or approval from the administrative or judicial authorities, converting collateral into cash through an auction or another way, etc.

3) Takasbank shall return the collateral together with their rights, with the approval of the Exchange, upon request of the Member on condition that the obligations have been fulfilled.

Accrual of interest on cash collateral

ARTICLE 15 - 1) Turkish Lira collateral deposited by the members shall be accrued interest, over the amount remaining after deducting the portion to be set aside as compulsory reserve, with the best possible conditions by Takasbank, by taking the credit risk and liquidity conditions into consideration. The accrual of interest process is performed within Takasbank limits.

2) Taxes and other legal liabilities and Takasbank commission shall be deducted from the gross interest amount obtained as a result of accrual of interest.

CHAPTER FOUR

Miscellaneous Provisions

Fees and commissions

ARTICLE 16 - 1) The fees and commissions for the services provided under this Directive shall be determined in accordance with the principles stipulated in Article 61 of the Regulation and announced to the members.

2) The fees and commissions shall be accrued as per the nature of the transaction either at the moment of the transaction or on a monthly basis and collected from the member's accounts at Takasbank.

3) Any commission amount not being objected within 3 business days after its accrual date shall be

deemed accepted.

4) Any fees and commissions failed to be paid within their time period shall be collected *ex-officio* from the free current accounts of the members.

Disciplinary provisions

ARTICLE 17 - 1) The disciplinary provisions stipulated in Chapter Seven of the Regulation shall be applied to the members failing to comply with the obligations stipulated in this Directive.

Provisions to be applied in case of no provision in the Directive

ARTICLE 18 - 1) In case of no provision in this Directive, the provisions of the Regulation and the Exchange legislation shall be applied.

Enforcement

ARTICLE 19 - 1) This Directive shall enter into force on the date it is announced.

Execution

ARTICLE 20 - 1) The provisions of this Directive shall be executed by the Board of Directors.