

İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

PROCEDURE ON CASH CREDITS IMPLEMENTING PRINCIPLES

CHAPTER ONE

Purpose, Scope, Basis, Definitions and Abbreviations

ARTICLE 1-Purpose

- (1) The purpose of this Procedure is to set forth the principles and procedures regarding the cash facilities extended by the Bank.

ARTICLE 2-Scope

- (1) This Procedure covers the cash facilities made available and extended by the Bank.

ARTICLE 3-Basis

- (1) This procedure has been prepared based on Takasbank Directive on Credits.

ARTICLE 4-Definitions and Abbreviations

- (1) In this Procedure, the following terms shall have the following meanings;

- 1) **Bank:** means Takasbank - İstanbul Takas ve Saklama Bankası A.Ş. (Istanbul Settlement and Custody Bank Inc.;
- 2) **BİAŞ:** means Borsa İstanbul A.Ş.;
- 3) **General Manager:** means the General Manager of the Bank;
- 4) **Cash Credit:** means the cash facilities that are extended by the Bank to the intermediary institutions to provide efficiency and convenience in their capital market transactions and to allow them, through early discharge of their settlement obligations, to make early use of their settlement receivables and to help in the deepening the markets;
- 5) **CBRT:** means the Central Bank of the Republic of Turkey;
- e) **TBB Risk Center:** means the Center established at the Banks Association of Turkey in order to collect the risk details of customers of the credit institutions and financial institutions approved by the Banking Regulation and Supervision Agency and to allow for the sharing of such details with such institutions and the natural or legal persons or private legal persons and third natural persons providing that they give their approval for such sharing of details.

CHAPTER TWO

Trading/Transaction Limits, Limits, Letters of Undertaking and Agreements

ARTICLE 5-Letters of Undertaking and Agreements

- (1) The agreements and letters of undertaking used in cash credit facilities are as follows;

- 1) **Letter of Cash Credit Undertaking:** refers to the letter of undertaking that should be addressed to the Bank and signed by the intermediary institutions willing to receive a cash credit facility. The intermediary institutions may not use any credit at an amount higher than the amount of the letter of undertaking that they have signed.
- 2) **Collateral Assignment Agreement:** refers to the agreement that should be mutually signed by the intermediary institutions with the Bank in cases where they intend to place collaterals from their portfolio accounts.
- 3) **Pledge Agreement:** refers to the agreement that should be mutually signed with the Bank by the customer that will provide the collateral in cases where intermediary institutions intend to place collaterals from the customer account/s. The intermediary institution must also submit to the Bank a notarized signature statement of the customer that has signed the “Pledge Agreement”. The total market value of the collaterals that will be pledged from the customer account may not exceed the amount of such Agreement. If, as a result of the collateral valuation performed by the end of the day, the total market of the collaterals pertaining to the customer exceeds the amount of the “**Pledge Agreement**”; then, the intermediary institution shall be asked to resolve such exceedance on the next business day and the said amount shall not be taken into account in the calculations of collaterals.
- 4) **Implementation Agreement for Customer Instructions to be sent to Takasbank – Istanbul Takas ve Saklama Bankası A.Ş. via Fax Machine:** refers to the agreement that should be signed in cases where the collateral-related instructions issued by the intermediary institutions and the customers are intended to be sent to the Bank via fax.

ARTICLE 6-Limits

- (1) A “**cash credit limit**” shall be allocated by the Bank to the intermediary institutions, designating the upper limit of the credit facility made available to them.
- (2) Cash credit limits shall be notified to the intermediary institutions in writing and in a confidential manner and revised at specific time intervals.
- (3) If the intermediary institutions have limit increase and limit transfer requests, such requests shall be evaluated and tried to be concluded in the shortest time possible.

ARTICLE 7-Trading/Transaction limits

- (1) Cash credits are not subject to any lower amount limit.
- (2) The upper amount limit of the cash credits is up to the cash credit limit allocated.

CHAPTER THREE

Credit Disbursement Process and Collaterals

ARTICLE 8- Submission of credit and collateral requests and credit disbursement hours

- (1) The intermediary institutions shall submit their cash credit requests in writing to the Bank until 17:00 every day. The instructions via fax shall be valid until the receipt of their originals. The Bank shall be entitled to not fulfil such requests either in part or in whole.

- (2) Cash credit utilization requests fulfilled by the Bank shall be notified by the Bank to the intermediary institutions via fax within the same day.
- (3) Except for letters of guarantee, all collateral depositing transfers shall be entered into the system firstly by using the Bank terminals at the intermediary institution's offices; but they shall be executed only if they are by the Bank following the receipt of the written instruction. The originals of the customer instructions sent via fax must be delivered to the Bank within 5 business days at the latest.

ARTICLE 9-Maturity terms and end-of-maturity payment cut-off times

- (1) The maximum term of cash credits is 31 days. Such terms may not exceed 31 days even if the relevant credit is extended.
- (2) The intermediary institutions are obliged to pay their debts on an account until 17:00 at the latest at the end of the maturity terms of their credits that they have received.

ARTICLE 10-Cash Credit types, their costs and payment principles

- (1) Cash credits are extended with 3 options: spot, prepayment option before maturity, and intra-day.
- (2) The Bank sets different interest rates every day for the spot credits and the credit type with a prepayment option before maturity. At the end of the maturity term of each credit facility, the interest amount calculated at the interest rate set by the Bank and the legal deductions to be charged over the interest shall be collected together with the principal amount. If intermediary situations deposit their funds and completely pay of their credit debts before 16:15; no interest shall be charged for the last day (due date). As for cash credits closed after 16:15, if the next day falls on a non-business day or holiday, interest shall also be accrued and charged for such non-business days or holidays.
- (3) As for intra-day credits, they must be closed on their disbursement day by 16:30 at the latest. Interest shall be charged and collected together with BITT (Banking and Insurance Transaction Tax) deduction from the intra-day credits closed within their due period. The interest rate is determined according to the market conditions. The intra-day credits not closed until 16:30 shall be converted into O/N (overnight) cash credit by applying an interest rate that is equal to the CBRT Late Liquidity Window Lending Interest Rate applicable on that day plus 50% of this rate.

ARTICLE 11-Partial credit repayment and extension/renewal of credit

- (1) Intermediary institutions shall submit their cash credit extension/renewal and partial repayment requests within working hours in writing. The fax instructions shall be valid until receipt of their originals.

ARTICLE 12-Collateral types

- (1) In cash credit facilities, the collaterals that may be placed by the intermediary situations with the Bank may be of the following types:
 - 1) Equity
 - 2) Government Domestic Debt Securities
 - 3) Letter of Guarantee
 - 4) Cash Blockage (TL/FX)
 - 5) Investment Fund Participation Certificates

- 6) Equity Shares of Borsa İstanbul A.Ş
- 7) Asset-Backed Securities
- 8) Exchange-traded standard gold
- 9) Eurobonds issued by the Republic of Turkey Ministry of Treasury and Finance
- 10) Bank bonds and bills
- 11) Lease certificates issued by T.C. Hazinesi Varlık Kiralama A.Ş. (Republic of Turkey, Undersecretariat of Treasury Asset Leasing Company)

ARTICLE 13-Features of collaterals and rules for depositing and withdrawal of collaterals

- (1) If any capital market instruments held in dematerialized form are subject to a collateral; a “Collateral Assignment Agreement” shall be concluded between Takasbank and the intermediary institution in writing in relation to the capital market instruments, the title of which is thereby transferred; and if a collateral is pledged from customer accounts, a “Pledge Agreement” shall be signed between the same parties in writing.
- (2) If, in the collateral agreements regarding dematerialized capital market instruments, it is mutually agreed that the title of such collaterals will be transferred to Takasbank; Takasbank shall acquire the relevant title and ownership at the time the agreement is concluded and following the transfer of the capital market instruments subject to such collateral in accordance with the legal procedures.
- (3) If other assets from the portfolio accounts are made subject to collateral; the title and property of such assets shall also be transferred to Takasbank with written collateral agreements.
- (4) In cases where the collaterals will be used to cover Takasbank’s receivables due to the default of the intermediary institution or for the reasons specified in the relevant legislation or the provisions of the agreement; Takasbank shall be entitled to sell the asset subject to collateral or the securities pledged as collateral in the organized and/or over-the-counter markets on a best effort basis and cover its receivables from the sale proceeds thereof, without any requirement to fulfil any precondition such as sending a further notice or warning, granting any time period, obtaining any permission or approval from any judicial or administrative authorities, or converting the collateral into cash through an auction or any other means whatsoever. Takasbank shall also be entitled to deduct and set off the value of capital market instruments and/or other assets subject to collateral from the debtor’s outstanding liabilities providing that the title to such collaterals has been already acquired by Takasbank.
- (5) Takasbank’s rights and powers on the collaterals received from intermediary institutions due to cash credit facilities may not be limited under any circumstances. The lack of the intermediary institution’s right of disposition over the collaterals for any reason whatsoever may not prejudice or prevent Takasbank from acquiring a bona fide real right in relation thereof. Any third-party claims or limited real right claims over the assets provided as collaterals may not be raised against Takasbank.
- (6) The granting of a time period for composition with creditors to the collateral provider, the approval of such a composition, granting of a period for composition after bankruptcy, entry into a composition process through abandonment of the assets, restructuring through settlement, bankruptcy, postponement of bankruptcy, or enforcement proceedings initiated under the Execution and Bankruptcy Law or the provisions of the Law governing gradual liquidation may not restrict Takasbank’s rights and powers over the collaterals under any circumstances.

- (7) Intermediary institutions shall make the system entries related with their collateral deposit/withdrawals until 17:00 on each business day by using the Bank screens at their offices.
- (8) Except for the inflow of letters of guarantee, all collateral movements shall be executed with the Bank's approval. If the collateral is received from the account of a customer of the intermediary institution, then the instruction signed by the customer must be received by the Bank, or if the collateral is received from the portfolio account of the intermediary institution, the instruction signed by the intermediary institution must be received by the Bank in order for collateral deposits to be approved by the Bank.
- (9) For the dematerialized capital market instruments and BİAŞ equity shares accepted as collaterals, a record shall be created at the Central Registry Agency (Merkezi Kayıt Kuruluşu A.Ş.).
- (10) The Bank's commissions tariff shall apply for the services that will be provided by the Bank for the securities held in collateral accounts.
- (11) The provisions regarding collateral types are as follows:
- 1) If it is intended that any Equity traded in the Exchange will be provided as collateral;
 - i. they shall be limited to those selected by the Bank from and among the equity shares traded in BİAŞ Star and Main markets.
 - ii. the Bank shall determine the upper limit for acceptance as collateral for each of the specified equity shares.
 - iii. the equity shares that will be accepted as collateral shall be in the form of lots and their multiples.
 - iv. the shares of the companies that are either subsidiaries, affiliates or shareholders of the intermediary institution shall not be accepted as collaterals for that company.
 - 2) If it is intended that Government Domestic Debt Securities and lease certificates will be provided as collateral;
 - i. the lease certificates issued in TL shall be accepted as collateral.
 - ii. The transfer of the assets that will be provided by intermediary institutions for their customers shall be made from their customer's free/unrestricted account held with the Central Registry Agency; and the transfer of the assets that will be provided for their portfolio shall be made from their deposit accounts "501" held with Takasbank.
 - 3) If it is intended that guarantee letters will be provided as collateral; the Bank's Money Market Team officials should be contacted before obtaining the letter of guarantee, and whether the drawer of such letter has an available limit at the Bank or not should be confirmed. If, following the receipt of a written confirmation from the General Directorate of the bank issuing the letter of the guarantee in paper form indicating that they have issued and submitted such letter in question or as a result of the inquiry made over the "Letter of Guarantee Status Inquiry" system developed by the Credit Registration Bureau (Kredi Kayıt Bürosu), an active risk record is found with the issuer bank; then, the guarantee letters in question shall be accepted as collateral. The letters of guarantee deposited as collateral may be used alternately with Takasbank Money Market collateral. The letter of guarantee removed from cash credit collateral shall be automatically transferred to Takasbank Money Market collateral. Similarly, the letter

of guarantee removed from Takasbank Money Market collateral shall be automatically transferred to cash credit collateral. Regarding the letters of guarantees;

- i. Their form and content shall be determined by Takasbank.
 - ii. They may be issued in paper form or as an electronic document (e-letter of guarantee).
 - iii. E-letters of guarantee shall be checked over the “Electronic Letter of Guarantee Platform” (ETMP) operated by the Credit Bureau and then accepted as collateral if found eligible.
 - iv. The letters of guarantee accepted as collateral must be “definite”.
 - v. The letters of guarantee issued by the banks affiliated with the same group or holding and those obtained by intermediary institutions from their group or holding banks that they are affiliated to shall not be accepted as collateral.
 - vi. The letters of guarantee with a specified term of maturity must be replaced by 5 business days before the end of their maturity periods.
- 4) Cash collateral may be in the form of TL, US Dollar or Euro.
- 5) If investment fund participation certificates are provided as collateral; intermediary institutions may not pledge as collaterals the participation certificates of the investment funds which their portfolio management companies within their group serve as the founder or the manager of.
- 6) If Eurobonds are provided as collateral;
- i. After sending the Eurobonds provided as collateral to Takasbank’s account no. 15512 held with Euroclear; the intermediary institution sending the relevant security must send to Takasbank either a free-format SWIFT message or a written instruction in order to ensure that the relevant securities may be registered into the intermediary institution’s free collateral deposit account held at Takasbank.
 - ii. The securities in question transferred by Takasbank to the relevant intermediary institution’s 5080-Eurobond Collateral Deposit account under the Takasbank International Clearing & Settlement and Custody Transactions menu shall be transferred by the intermediary institution to 5082-Cash Credit Collateral Deposit account using Takasbank banking applications.
 - iii. For the securities transferred to 5080-Eurobond Collateral Deposit Account as a result of the collateral exit/outflow to be further transferred to the intermediary institution’s account held at its own securities correspondent; a written instruction should be sent to Takasbank Global Custody and Numbering Team to that effect. The instructions must be sent until 14.00 if the intermediary institution’s securities correspondent is Clearstream, or until 16.30 if it is Euroclear. The transfers related to the instructions to be sent after the hours specified herein shall be processed with the next value date. The intermediary institution’s securities correspondent and its account number held at such correspondent must be specified in such instructions.
- 7) If bank bonds/bills and asset-backed securities are provided as collateral;
- i. those issued in TL shall be accepted as collateral.
 - ii. They shall be accepted within the limits of Takasbank.

- iii. Takasbank shall determine the upper limits for the total amount of bank bonds and bills and asset-backed securities acceptable as collateral on an each and individual issuer basis.
 - iv. The bank bonds and bills and asset-backed securities pertaining to the group or holding banks that the intermediary institution is affiliated to shall not be accepted as collateral for the relevant intermediary institution.
 - v. The Credits Team must be contacted and the availability of the issuer's limit must be confirmed before placing an instruction for depositing collaterals.
 - vi. The relevant security shall be taken and entered as collateral one business day after the receipt of the collateral depositing instruction by our Bank at the latest.
- 8) If it is intended to pledge gold as collateral;
- i. Gold of the standard traded in Borsa Istanbul Precious Metals and Stones Market shall be accepted.
 - ii. The gold that will be provided as collateral must be deposited by an institution that is a member of Borsa Istanbul Precious Metals and Stones Market to the related institution's sub-account connected with the cash credit collateral account at the relevant market via internal transfer and within working hours.
- 9) If it is intended that Exchange shares will be pledged as collateral; the collateral shall be accepted and entered into the records upon the approval of the Exchange after the instruction is sent to the Exchange's e-mail address of takasbankpayteminati@borsaistanbul.com, in addition to and following the approval to be given by Takasbank after our Bank obtains the relevant instruction arranged in the form and content as specified by Takasbank. In case of withdrawal of Exchange shares, an instruction must again be sent to the e-mail address of the Exchange and the approval of the Exchange should be obtained.

ARTICLE 14-Withdrawal and replacement of collaterals

- (1) Intermediary institutions may, if desired, replace the collaterals that they have provided by withdrawing and depositing them in the manner as explained above following the relevant approval of the bank. The Bank may also request for the replacement of collaterals as and when it deems necessary. The intermediary institution is required to replace the specified collaterals until 17:00 on the day the margin call is served. Otherwise, all cash credits of the intermediary institution shall become immediately due and payable and the default provisions shall apply.
- (2) Intermediary institutions' requests to withdraw equity shares provided as collateral, which are submitted after the Equity Market settlement cut-off time, shall not prevent the settlement defaults occurring on that day.

ARTICLE 15-Valuation of collaterals

- (1) The Bank shall value the collateral at the end of each day within the term of maturity as specified below:
 - 1) Shares are valued at the weighted average price formed at the end of the session at BİAŞ on the day the valuation is made; or if no trading has occurred, at the arithmetic average of the best buy and best sell orders placed in the last session; or if either one of the best buy or best sell orders is not available, then at the weighted average price of the last session in which it was traded;
 - 2) Government Domestic Debt Securities are valued at the theoretical price determined using Takasbank yield curve on the day the valuation is made; or if such prices are not available, at the indicative daily values of the Government Domestic Debt Securities as determined by the CBRT;

- 3) FX cash amounts are valued at the foreign currency buying rates announced by the CBRT for the day following the day of valuation;
 - 4) Investment Fund Participation Certificates are valued at their prices announced on the day of valuation;
 - 5) For BİAŞ equity shares; the price specified in the protocol signed with Borsa İstanbul A.Ş. is taken as the basis. If the price is redetermined by Borsa İstanbul A.Ş. following dividend payment and capital increase, the collaterals shall be revalued at such price that has been formed.
 - 6) Eurobonds are valued at the theoretical price determined using Takasbank yield curve on the day the valuation is made;
 - 7) Bank bonds and bills and asset-backed securities are valued at their theoretical prices determined by Takasbank;
 - 8) Lease certificates are valued at the theoretical price determined by Takasbank on the day the valuation is made; or if such prices are not available, at the indicative daily values of the lease certificates as determined by the CBRT;
 - 9) Gold is valued at the price calculated by using the CBRT foreign currency buying rate and the USD/OUNCE price formed for T+0 value-dated transactions in the last session of Borsa İstanbul Precious Metals and Stones Market on the day of valuation; or if no trading has occurred, at the weighted average price formed in the previous session.
- (2) FX-payable Government Domestic Debt Securities are not included in the margin valuation by 5 business days remaining to their maturity and they are requested to be replaced.

ARTICLE 16-Rights arising from collaterals

- (1) The shares and dividend amounts derived from bonus issue of shares provided as collaterals by intermediary institutions shall be transferred to the collateral accounts of such intermediary institutions. If the capital increase is made through rights issue; the intermediary institution may exercise its rights by depositing the consideration thereof after transferring the number of pre-emptive rights (coupons) formed in the collateral to the free/ unrestricted sub-account (after the collateral outflow).
- (2) The shares and dividend amounts derived from the bonus issue of BİAŞ shares provided as collaterals by intermediary institutions shall be transferred to Takasbank collateral account. The intermediary institution may exercise its rights arising from the rights issue by depositing their consideration thereof.
- (3) The redemption amounts and coupon payments of TL-payable Government Domestic Debt Securities, lease certificates, asset-backed securities, bank bonds and bills and Eurobonds held in the collateral account shall be transferred to the intermediary institution's collateral account; and the redemption amounts and coupon payments of FX-payable Government Domestic Debt Securities shall be transferred to the Intermediary Institution's 11YP – Free/Unrestricted Account.

ARTICLE 17-Valuation haircuts

- (1) Collateral valuation haircuts shall be determined by considering the relevant collateral's credit risk assessed by Takasbank as well as its maturity, its fluctuations under extraordinary market conditions, its liquidity, and, if any, its currency risk.
- (2) The haircuts that will be used in collateral valuation are as follows:

Collateral Types
Valuation Haircuts

➤ Cash		
	✓ TL	1,00
	✓ USD	0,93
	✓ EURO	0,92
➤ Government Domestic Debt Securities -		0,93
➤ Equity Shares		0,76
➤ Investment Fund Participation Certificate		0,84
➤ Letter of Guarantee		1,00
➤ Exchange Shares		1,00
➤ Eurobonds issued by the Republic of Turkey Ministry of Treasury and Finance		0,88
➤ Lease certificates issued by the Republic of Turkey, Undersecretariat of Treasury Asset Leasing Company (T.C. Hazinesi Varlık Kiralama A.Ş.)		0,91
➤ Gold		0,90
➤ Bank Bonds / Bills		0,73
➤ Asset-Backed Securities		0,91

ARTICLE 18-Margin rates

- (1) Margin rates are calculated over appraised collaterals. The appraised collateral amount is found by multiplying the market values of collaterals by the valuation haircuts.
- (2) The initial and minimum margin rates are as follows:
 - a) Initial Margin Rate: There must be appraised collateral up to 105% of the Credit Risk.
 - b) Minimum Margin Rate: There must be appraised collateral up to 102% of the Credit Risk.
- (3) If intermediary institutions are willing to pledge only shares as collaterals; then the ratio of each type of share accepted as collateral to the appraised collateral amount may not exceed:
 - a) 100% if it is a share included in BIST-30;
 - b) 70% if it is a share included in BIST-100;
 - c) 35% if it is a non-BIST-100 share traded in BİAŞ Star and Main markets.

ARTICLE 19-Margin call

- (1) When the appraised collateral falls below the minimum margin rate of 102%; a margin call is issued by Takasbank to the intermediary institution and it is request to supplement its margin up to the initial margin rate.
- (2) The margin call shall be issued by sending a message or report to the customer screens provided by Takasbank. If the margin call is issued and sent via the system; the intermediary institution shall be deemed to have received the call without any need for a further warning or notice. The intermediary institution is obliged to follow the margin call-related information from and over the “Margin Call Monitoring” screen.
- (3) The intermediary institution that the margin call is served to may be removed from the margin call status after restoring its margin rate to the initial margin level (105%) by depositing additional collateral and/or closing its credit.

- (4) Intermediary institutions are required to deposit the requested additional collateral until 17:00 on the date the related margin call is issued or served. Otherwise, all cash credits of the intermediary institution shall become immediately due and payable and the provisions regarding default shall apply.

CHAPTER FOUR

Closing of the Credit, Acceleration of Debt and Default

ARTICLE 20-Closing the Cash Credit debt

- (1) The cash credit debt shall be closed by transferring to the Bank the principal amount of the credit together with its interest and legal charges and deductions until the end of the due date of maturity.

ARTICLE 21-Acceleration of the Cash Credit debt and default

- (1) The cash credit shall become immediately due and payable in the following circumstances:
- 1) The failure of intermediary institutions to supplement and restore their collaterals until 17:00 on the day the call is issued despite the Margin Call issued by the Bank;
 - 2) The failure of intermediary institutions to replace their collaterals until 17:00 on the day the call is issued despite the margin replacement call issued by the Bank;
 - 3) Expiration of the terms of maturity for the cash credits of intermediary institutions;
 - 4) Temporary or permanent suspension of the intermediary institution's operations by competent judicial and administrative authorities.
- (2) When the intermediary institution's debts arising from its cash credit transactions become immediately due and payable; the intermediary institution shall be obliged to fulfil its obligations in accordance with the principles and procedures specified in this Procedure. If the obligations are not fulfilled in accordance with the principles and procedure specified herein on the date such debt becomes due and payable; then, the intermediary institution shall be deemed to have defaulted without any further notice.
- (3) In case of default, intermediary institutions' cash balance held in the Bank shall be set off against their cash debts. If the cash amount available is not sufficient to cover the intermediary institution's debt; then, its collaterals shall be realized upon and converted into cash.
- (4) Takasbank shall realize upon and convert BİAŞ shares provided by the intermediary institution as collateral into cash by transferring to BİAŞ the portion of such shares corresponding to the relevant debt amount and thus set off such proceeds from and against its debts accordingly.

ARTICLE 22-Default Interest

- (1) A default interest shall be charged to the total debt during the default period. The default interest rate shall be 50% more than the highest interest rate applied by the Bank for credits on the day the default has occurred.
- (2) The default interest is calculated using the formula of Base amount x Default Interest Rate x (days/360); and legal obligations, if any, are added.

ARTICLE 23-Accrual and collection

- (1) The defaulting intermediary institution shall be obliged to pay a default interest in accordance with the principles specified in article 22 herein. If the credit that has become immediately due and payable is not closed by the payment cut-off time; the default interest calculated by Takasbank over the default interest rate specified in article 22 herein shall be accrued to the account of the relevant intermediary institution. If Takasbank has incurred any loss or damage exceeding the default interest due to the intermediary institution's failure to fulfil its obligations in part or in whole; then, such loss shall be compensated by the intermediary institution.
- (2) The default interest and the other legal liabilities shall be collected by Takasbank directly from the intermediary institution's free/unrestricted account.

ARTICLE 24-Default management process

- (1) The utilization of the cash credit shall be suspended for the intermediary institution failing to timely fulfil its cash and collateral obligations and to pay off and close its debt within the time periods specified herein.
- (2) The intermediary institution shall not be allowed to withdraw the assets that it has pledged as collateral until the settlement of its default.
- (3) The intermediary institution may not execute any transaction in Takasbank Money Market during the period of its default in the Cash Credit. The intermediary institution defaulting in Takasbank Money Market may not utilize the cash credit as long as such default continues and remains unremedied.
- (4) Takasbank shall realize upon, firstly, to the free/unrestricted account of the defaulting intermediary institution, and if there is not available cash balance in such free account, then to its collaterals. However, if Takasbank realizes upon the intermediary institution's collaterals due to its default; Takasbank shall be entitled to sell the assets standing as collateral for the relevant transaction in the organized and/or over-the-counter markets on a best effort basis and cover its receivable from the sale proceeds thereof without being obliged to fulfil any precondition such as serving a further warning or notice, granting an additional time period, obtaining permission or approval from judicial or administrative authorities, converting the collateral into cash through an auction or any other means whatsoever. If the collateral realized upon is an Exchange share; Takasbank shall realize upon and convert the collateral into cash by transferring the portion of the collateral corresponding to the debt amount to the Exchange and then set off such proceeds from and against the debt accordingly.
- (5) In cases where the credit becomes immediately due and payable due to the intermediary institution's failure to fulfil its margin call obligation; Takasbank shall be entitled to liquidate the entire credit by converting the collaterals into cash in accordance with the default provisions or a portion of the credits until the margin rate reaches the initial margin rate, providing that it shall start from the credit that will become due and payable in the earliest time period.
- (6) Takasbank shall decide which collateral of the defaulting intermediary institution will be converted into cash by considering its liquidity, the reason of the default and its impacts on the markets.
- (7) Takasbank has the right of lien, retention, settlement and setoff in and over the assets and other rights and receivables of the defaulting intermediary institution held with Takasbank.

ARTICLE 25-Suspension of credit disbursements

- (1) The allocated credit limit does not constitute a commitment of the Bank. The credit disbursements may be suspended by the Bank whenever deemed necessary.

- (2) In case that the intermediary institution's operations are restricted or the intermediary institution defaults in the markets or capital market instruments for which central counterparty or clearing and settlement service is provided; the credit disbursements may also be suspended by the Bank as deemed necessary.
- (3) In case of occurrence of any financial and legal adversity such as any protest, attachment, preliminary injunction, etc. or receipt of any negative intelligence about the Intermediary Institution throughout its credit relationship; the credit disbursements may be suspended by the Bank and its outstanding credit may be closed out ex-officio without any further notice. If the disappearance of such adverse conditions is substantiated by the Intermediary Institution with legally valid documents; then, the Bank may resume the credit disbursements.
- (4) In case of occurrence of any of the situations referred to in the subparagraph (a) below; the Intermediary Institution's credit debt shall be liquidated and the credit disbursements shall be suspended. If any of the situations specified in subparagraphs (b) and (c) below occurs, the intermediary institution's credit debt shall be liquidated, the credit disbursements shall be suspended, and the Intermediary Institution's credit limit shall be cancelled by granting an additional time period if and when necessary:
 - a) Those whose activities are temporarily or permanently suspended;
 - b) Those determined to have no credit worthiness as a result of the intelligence, financial analysis and/or rating studies periodically performed by the Bank;
 - c) Those against whom any legal proceedings have been initiated by the Bank or other financial institutions and public entities and institutions due to failure to pay their debts.

CHAPTER FIVE

Risk Center Data Transmission and Reception

ARTICLE 26-Measures to be Considered during Transmission – Reception of Data

- (1) As a member of the TBB Risk Center, Takasbank shall transmit to TBB Risk Center, the members' collateral amounts, collateral types, risk balances and confidential financial data of the Bank's customers in predetermined standard within the scope of the Cash Credit Service that it provides as well as all markets that it operates and executes clearing and settlement operations in and allocates nominal limits to. Similarly, Takasbank shall also receive the same customers' data with the same contents.
- (2) TBB Risk Center shall periodically receive a statement from the Bank in relation to its information systems and business processes that are in place at the Bank indicating their compliance with the control targets set by the Risk Center under the arrangements of the Member Audit Circular until it switches to the audit process to be conducted at the Bank through an independent audit.
- (3) The Bank shall confirm to the TBB Risk Center with the statement issued by the Bank indicating that there is no risk in terms of the confidentiality and security of the data obtained as a result of inquiries made within the scope the TBB Risk Center activities.

(4) The Risk Center requests from the Bank;

- 1) to prepare and keep updated, an “Outgoing Data Flow and Creation Chart” and “Incoming Data Flow and Distribution Chart”, which has become an internal procedure in relation to the risk data of the data prepared by TBB Risk Center member for transmission to TBB Risk Center and notified to it by TBB Risk Center during the statement arrangement process;
- 2) to prepare the Incoming Data Flow and Distribution Chart in a manner to contain the information about the systems, layers and applications on which the data are stored and processed, and the systems between which they are transferred or transmitted as well as the transmission methods and data after the receipt of TBB Risk Center data by the member;
- 3) to prepare the Outgoing Data Flow and Creation Chart in a manner to contain, in detail, each data collection, processing and transfer stage throughout the period starting from the systems that are the sources of the data created for transmission to TBB Risk Center until the completion of such transmission.

In this context, the specification document is made and kept available by the relevant AD (Application Development) Team of the Bank and the document is updated periodically.

CHAPTER SIX

Miscellaneous and Final Provisions

ARTICLE 27 – Entry into Force

- (1) This Procedure shall enter into force on the date of its publication.

ARTICLE 28 - Execution

- (1) The provisions of this procedure shall be executed by the General Manager.