PROCEDURE ON THE COLLATERAL MANAGEMENT SERVICE TO BE PROVIDED BY ISTANBUL TAKAS VE SAKLAMA BANKASI A.Ş. IN BORSA ISTANBUL INC. PRECIOUS METALS LENDING MARKET AND THE PRINCIPLES REGARDING THIS SERVICE

CHAPTER ONE

General Provisions

Purpose

ARTICLE 1 – (1) The purpose of this Procedure is to regulate the principles regarding the collateral management service to be provided by Istanbul Settlement and Custody Bank Inc. in Borsa Istanbul Precious Metals Lending Market.

Scope

ARTICLE 2 - (1) This Procedure covers the matters regarding membership, accounts, collateral, earnings and other issues related to the collateral management service to be provided by Istanbul Settlement and Custody Bank Inc. in Borsa Istanbul Precious Metals Lending Market.

Basis

ARTICLE 3 - (1) This Procedure has been prepared based on Article 77 of the Capital Markets Law No. 6362, the Directive on Borsa Istanbul Inc. Precious Metals Market and Precious Metals Lending Market, the Borsa Istanbul Inc. Precious Metals and Diamond Market Procedure, the General Regulation on the Establishment and Operating Principles of Central Clearing Institutions, Istanbul Settlement and Custody Bank Inc. Central Clearing and Settlement Regulation, and the Directive on the Collateral Management Service to be Provided by Istanbul Settlement and Custody Bank Inc. in Borsa Istanbul Inc. Precious Metals Lending Market.

Definitions and abbreviations

ARTICLE 4 - (1) Terms used in this Procedure shall bear the following meanings;

a) **Intermediary Bank:** The bank to which the members request their withdrawable cash collateral amounts to be automatically transferred.
b) **BIC (Bank Identifier Code):** The bank identifier codes.
c) **BISTECH:** All of the applications in which the collateral management service software are located.
d) **Exchange:** Borsa Istanbul Inc.
e) **EFT:** The Electronic Fund Transfer System facilitating transfer of payment in Turkish Lira.
f) **EUR:** The currency of the European Union.
g) **General Manager:** The General Manager of Takasbank.
h) **Trade Margin:** Collateral deposited to the custody accounts opened at Takasbank.
i) **Precious Metal:** Precious metals in the standard traded on the Exchange.

j) **Central Clearing and Settlement Regulation:** Takasbank Central Clearing and Settlement Regulation published in the Official Gazette dated 18.7.2013 and numbered 28711.
k) **Market:** Borsa Istanbul Inc. Precious Metals Lending Market.
l) **Procedure:** This Procedure comprising the implementing principles approved by the General Manager.
m) **Free Account:** The members' TL (11) and foreign currency YP (11YP) free current accounts at Takasbank.
n) **System:** Takasbank system in which the collateral management of the transactions conducted in the Market is carried out.
o) **SWIFT (Society for Worldwide Interbank Financial Telecommunication):** The international financial telecommunication network and messaging infrastructure.
p) **Takasbank:** Istanbul Settlement and Custody Bank Inc.
q) **CBRT:** The Central Bank of the Republic of Türkiye.
r) **USD:** The currency of United States of America.
s) **Member:** Those among the institutions authorized by the Exchange to trade in the Market, which have fulfilled Takasbank membership conditions under this Procedure.
t) **Directive:** The Directive on the Collateral Management Service to be Provided by Istanbul Settlement and Custody Bank Inc. in Borsa Istanbul Inc. Precious Metals Lending Market.
u) **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 Istanbul Clearing and Custody Bank Inc. Borsa Istanbul Precious Metals Lending Market Collateral Management Service 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 their transactions at Takasbank,
d) The accounts designated by Takasbank must have been opened,
e) The membership collateral must have been deposited.

(2) CBRT takes place in the System as a special-status participant. The CBRT is not subject to the provisions of this Procedure.

Membership application and its acceptance

ARTICLE 6 - (1) The institutions to apply for membership are required to apply to Takasbank with the information and documents substantiating that the conditions required for membership have been fulfilled, and to submit to Takasbank the information and documents specified in Article 10 of the Central Clearing and Settlement Regulation together with the membership agreement and the pre-agreement information form.

(2) The filed applications shall be reviewed by Takasbank in terms of whether the conditions prescribed in Article 5 of this Procedure 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:

a) Act in accordance with all rules and principles stipulated by this Procedure 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.
d) Fulfil the fees, commissions and other obligations required by Takasbank in due time.
e) 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 the Procedure and provide all types of support in the investigations to be carried out by Takasbank officers.
f) Adapt the system revisions to be made by Takasbank within the prescribed time periods and participate in the tests.
g) Fulfill their other obligations under the Procedure 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 Procedure.

(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 Procedure 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 made through Takasbank system and other communication means.

Restricting Market trading activities of the members

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

a) Restriction or temporary suspension of its Market activities to which clearing and settlement service is provided pursuant to Article 13 of the Central Clearing and Settlement Regulation.
b) Failure to fulfill the obligations stipulated in the Procedure and the membership agreement.
c) Identification of any unfavorable situation for the member such as protest, seizure, provisional injunction, etc., 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 the member's activities are restricted for reasons referred to in this Article, the situation shall be immediately notified to the Exchange.

Suspending the member activities and removing from membership

ARTICLE 9 - (1) If it is determined that the member has lost the membership conditions set forth in Article 5, Takasbank shall be entitled to ask the fulfilment of such obligations within an appropriate time period to be allotted provided that it shall not exceed 3 months.

(2) In case of occurrence of risks of a significant nature which would jeopardize the secure and uninterrupted functioning of the system as a result of the loss of the membership conditions or the non-fulfillment of obligations, Takasbank shall be entitled to either temporarily suspend the activities of the member entirely or remove the member from the membership without designating any time. This state of affair shall be informed to the Exchange via the fastest means of communication.

(3) If the trading authorization of the member is revoked by the Exchange, the Member shall be removed from the membership by Takasbank.

(4) The members' obligations arising from the transactions within the scope of the Procedure, of whose activities are suspended, who are removed from the membership or wish to depart from the membership upon their own written request, shall prevail.

Departing from the membership

ARTICLE 10 - (1) The institution wishing to depart from the membership shall simultaneously inform Takasbank and the Exchange of this situation in writing. Along with the obligations of the relevant member within the scope of the Regulation;

a) copies of the documents received from the Exchange and substantiating the termination of its Market membership must have been delivered to Takasbank,
b) all transactions it has conducted in the Market must have been fully liquidated,
c) it must not have any liability against Takasbank.

Returning the membership collateral

ARTICLE 11 - (1) The membership collateral of the institutions whose trading authorization in the Market has been cancelled or who wish to depart from the membership upon their own request shall be returned after submission by the member of its written instruction to Takasbank provided that all of its liabilities to Takasbank have been paid off.

CHAPTER THREE

Account Operations

Account opening

ARTICLE 12 - (1) The accounts necessary for the execution of the collateral operations shall be opened at Takasbank for all members intending to trade in the Market.

(2) The said accounts shall be opened for the purpose of enabling the monitoring of collateral in the BISTECH system at Takasbank.

(3) Collateral accounts shall be opened on a portfolio basis.

Notification and definition of the intermediary banks and changing the account priority

ARTICLE 13 - (1) In order for the members to automatically transfer their withdrawable cash collateral amounts to their accounts at another bank via EFT/SWIFT; the necessary definitions shall be made by Takasbank in the system upon their notification to Takasbank of minimum one and maximum five Intermediary Bank IBAN number(s) in each currency through the "Intermediary Bank Notification Form" attached as Appendix 1 herein.

(2) In the instruction conveyed by the members, they must designate minimum one primary account for different currency types. The members can change the priorities notified to Takasbank and defined to the system.

(3) Although there is any request by the members for transfer of their withdrawable collateral amounts to the intermediary bank account but they have failed to make any account notification to Takasbank thereof, EFT/SWIFT messages shall not be created and the withdrawn collateral shall remain in their free accounts. The amount remaining in the free account can only be processed by way of "collateral deposit and withdrawal" to the extent that an intermediary bank definition is made.

CHAPTER FOUR

Principles Regarding Collateral

Membership Collateral

ARTICLE 14 - (1) The Market participants shall deposit membership collateral to cover the losses that may be incurred in case of failure to fulfill the obligations against Takasbank for the dues, fees, commissions and similar liabilities within the time period given to them. This amount may be re-determined by the Board of Directors by taking account of the developments in the Market provided that the consent of the Capital Markets Board is obtained. The membership collateral shall be deposited in Turkish Lira. Membership collateral is announced to the members on Takasbank 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 be failed to be restored, the relevant amount shall be collected ex officio from the member.

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

Trade margin

ARTICLE 15 - (1) Collateral, the amount of which is calculated by the Exchange in accordance with the methods determined by it, shall be received from the members as to be used for any default which may arise from the clearing transactions.

Assets eligible as collateral and the composition limits

ARTICLE 16 - (1) The following assets can be used by the members for the fulfillment of the margin obligations.

a) Cash Turkish Lira

b) Convertible Foreign Currency (USD, EUR)
c) Letter of Guarantee (TRY, USD).
d) Government Domestic Debt Securities
e) Lease certificates issued by the Republic of Türkiye Undersecretariat of Treasury, Asset Leasing Company
f) Republic of Türkiye Undersecretariat of Treasury Foreign Debt Securities (Eurobond)

(2) The letter of guarantee is delivered to the Exchange.

(3) During the collateral valuation process, the asset-based group limit is applied as 100%.

(4) The group limits, if applied, are calculated over the total deposited collateral.

Valuation haircuts

ARTICLE 17 - (1) In calculating the collateral values of the assets that can be accepted as trade margin, the following valuation haircuts shall be taken as the basis.

Collateral Type	Valuation Haircut
Turkish Lira	%100
Convertible Foreign Currency (USD)	%90
Convertible Foreign Currency (EUR)	%89
Letter of Guarantee	%100
Government Domestic Debt Securities	0-1 Year %92 1-5 Years %81 5 Years and above %79
Lease certificates issued by the Republic of Türkiye Undersecretariat of Treasury, Asset Leasing Company	0-1 Year %92 1-5 Year %79 5 Years and above %77
Republic of Türkiye Undersecretariat of Treasury Foreign Debt Securities (Eurobond-USD)	Up to 5 Years %89 5-10 Years %89 10-30 Years %88 30 Years and above %86
Republic of Türkiye Undersecretariat of Treasury Foreign Debt Securities (Eurobond-EUR)	Up to 5 Years %89 5-10 Years %85 10-30 Years %66 30 Years and above %66

Updating the values of trade margin

ARTICLE 18 - (1) Assets accepted as collateral are made subject to valuation over the prices determined by Takasbank to ensure their valuation with the current market prices.

Valuation	Valuation Criteria	Explanation
Letter of Guarantee-Foreign Currency	**Intra-day:** Interbank Market Buy-Sale quotation average. **End-of-day:** CBRT Foreign Currency Buying Rate.	Average Interbank Market rates throughout the day including the end-of-day risk calculation time at 18:00, and for the end-of-day risk calculation time, the buying rate published by CBRT at 15:30.
Treasury Bills and Government Bonds	**Intra-day:** Theoretical price determined by using Takasbank yield curve or the CBRT Prices. **End-of-day:** Theoretical price determined by using Takasbank end-of-day yield curve or the CBRT Prices.	GDDS: They are valued by using the prices calculated by the yield curve comprising of zero-coupon and fixed-coupon bonds trading in the Exchange Debt Instruments Market, and if access to these prices is not possible, the benchmark daily values of Government Domestic Debt Securities determined by CBRT. Values used in the valuation may vary in parallel with the yield curve being updated at the intra-day risk calculation times.
Eurobond	**Intra-day:** Theoretical price determined by using Takasbank yield curve or the price determined by Takasbank. **End-of-day:** Theoretical price determined by using Takasbank yield curve or the price determined by Takasbank.	Prices calculated by the yield curve comprising of the traded Eurobonds and if the yield curve is failed to be formed, the price determined by Takasbank.

Use of trade margin

ARTICLE 19 - (1) The letter of guarantee and the trade margin in the form of precious metals held at the Exchange, as well as other trade margin held in custody at Takasbank, shall be used for the fulfillment of the member's obligations against other members arising from its clearing transactions.

(2) In the event the receivables are required to be covered from collateral due to the default of the Member or because of reasons set forth in the provisions of the agreement or the relevant legislation, Takasbank shall, upon the instruction of the Exchange, be entitled to sell the asset subject to collateral in the market if such asset is listed in the exchange or another organized market and cover its receivables from the sale proceeds, without being obliged to fulfill any precondition such as serving any notice or warning, allotting time, obtaining any permission or approval from the administrative or judicial authorities, converting collateral into cash through an auction or another way, etc..

(3) The securities of the members in the collateral account are formally used in the order from the most liquid asset to the lowest liquid asset on the base of convertibility features.

(4) Should the collateral be resorted by Takasbank, the collateral held in custody at Takasbank shall be resorted directly. However, for the collateral held at the Exchange, the necessary actions shall be performed by the Exchange.

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

Collateral deposit or withdrawal operations

ARTICLE 20 - (1) Deposit and withdrawal operations related to the assets eligible as collateral (except collateral in the form of letter of guarantee) can be conducted from the member screens or by a written instruction to be given to Takasbank. No direct transaction can be conducted to these accounts.

(2) Collateral deposit and withdrawal transactions are performed by way of making electronic transfer from or to the member free accounts.

(3) If requested by the member, the withdrawn cash collateral amount is transferred automatically via EFT/SWIFT to the intermediary bank accounts notified by the member and defined to the system.

(4) Collateral in the form of letter of guarantee and precious metals is physically deposited into/withdrawn from the collateral account held at the Exchange, thereby enabling collateral deposit and withdrawal transactions.

(5) Deposit and withdrawal deadlines on collateral basis are as follows:

Assets Eligible as Trade Margin	Full Day Deposit Deadline	Half Day Deposit Deadline	Full Day Withdrawal Deadline	Half Day Withdrawal Deadline
Cash Turkish Lira	19:00	12:45	15:40	11:40
Convertible Foreign Currency (USD/EUR)*	19:00	12:45	19:00	12:45
Government Domestic Debt Securities	19:00	12:45	19:00	12:45
Lease certificates issued by the Republic of Türkiye Undersecretariat of Treasury, Asset Leasing Company	19:00	12:45	19:00	12:45
Eurobond	19:00	12:45	19:00	12:45

(*) Cut-off times for transferring any collateral surplus to the intermediary banks defined in Takasbank system based on the instructions given by the members are stated below.

Currency	Collateral withdrawal cut-off time (to Intermediary Bank Account)
TL	15:40
EUR	16:15
USD	16:30

(6) The cut-off times to deposit collateral and withdraw non-TL collateral are for the transfers between the accounts at Takasbank. For any transfer to outside or other than Takasbank, the operational business rules of the relevant payment system/custody institution shall be applied.

Accrual of interest on cash collateral

ARTICLE 21 - (1) Cash Turkish Lira collateral deposited by the members are accrued interest over the amount remaining after deducting the portion to be set aside as compulsory reserve, if any, with the best possible conditions by Takasbank by taking the credit risk and liquidity conditions into consideration. The accrual process is performed within Takasbank limits.

(2) Tax and other legal liabilities are deducted together with Takasbank commission from the gross interest

amount obtained as a result of the accrual of interest process.

(3) No interest shall be accrued on cash Turkish Lira collateral deposited to Takasbank as collateral after 15:40 for full business days and after 11:40 for half business days.

(4) The deduction of legal liabilities and accrual of interest commission over the gross interest amount is made during the interest distribution.

(5) No accrual of interest operation shall be performed for the members wishing to receive no interest. Any change made in Takasbank's system until the accrual of interest deadline shall be applicable for the same day.

CHAPTER FIVE

Miscellaneous Provisions

Fees and commissions

ARTICLE 22 - (1) The fees and commissions for the services provided under this Procedure 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 fee or commission failed to be paid within its time period shall be collected ex-officio from the free current account of the members.

Disciplinary provisions

ARTICLE 23 - (1) The disciplinary provisions stipulated in the Central Clearing and Settlement Regulation shall be applied to the members failing to comply with the obligations specified in this Procedure.

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

ARTICLE 24 - (1) In case of no provision in the Procedure, the provisions of the Central Clearing and Settlement Regulation and of the Directive shall be applied.

Enforcement

ARTICLE 25 - (1) This Procedure shall enter into force on the date of its publication.

Execution

ARTICLE 26 - (1) The provisions of this Procedure shall be executed by the General Manager.

Intermediary Banks Notification Form

Intermediary Bank Account No. Information (TRY) to which Borsa Istanbul Precious Metals Lending Market TRY Receivables and Collaterals are sent

Intermediary Bank	Required Information	Explanation	*Designated Account (This area must be marked for the selected account)
Bank 1	Bank Name		
	Branch Name		
	Beneficiary Name		
	(*) Account Number		
	IBAN		
Bank 2	Bank Name		
	Branch Name		
	Beneficiary Name		
	(*) Account Number		
	IBAN		
Bank 3	Bank Name		
	Branch Name		
	Beneficiary Name		
	(*) Account Number		
	IBAN		
Bank 4	Bank Name		
	Branch Name		
	Beneficiary Name		
	(*) Account Number		
	IBAN		
Bank 5	Bank Name		
	Branch Name		
	Beneficiary Name		
	(*) Account Number		
	IBAN		

Stamp and Signature

(*) IBAN number is a compulsory field for the "Customer" payments, whereas an account number must be notified instead of IBAN number for the "Corporate" payments

Intermediary Banks Notification Form (In Foreign Currency)
Account Numbers to which Borsa Istanbul Precious Metals Market Foreign Currency Denominated (USD /EUR) Receivables and Collateral are sent

Intermediary Bank	Required Information	Explanation	*Designated Account (This area must be marked for the selected account)
Bank 1	Correspondent Bank BIC Code		
	Correspondent Bank Account Number		
	(*) Beneficiary IBAN		
	Branch Code		
	Beneficiary Name		
	Bank BIC Code		
Bank 2	Correspondent Bank BIC Code		
	Correspondent Bank Account Number		
	(*) Beneficiary IBAN		
	Branch Code		
	Beneficiary Name		
	Bank BIC Code		
Bank 3	Correspondent Bank BIC Code		
	Correspondent Bank Account Number		
	(*) Beneficiary IBAN		
	Branch Code		
	Beneficiary Name		
	Bank BIC Code		
Bank 4	Correspondent Bank BIC Code		
	Correspondent Bank Account Number		
	(*) Beneficiary IBAN		
	Branch Code		
	Beneficiary Name		
	Bank BIC Code		
Bank 5	Correspondent Bank BIC Code		
	Correspondent Bank Account Number		
	(*) Beneficiary IBAN		
	Branch Code		
	Beneficiary Name		
	Bank BIC Code		

Stamp and Signature