

**PROCEDURE ON CENTRAL CLEARING SERVICE TO BE CONDUCTED BY İSTANBUL
TAKAS VE SAKLAMA BANKASI A.Ş. IN TÜRKİYE ÜRÜN İHTİSAS BORSASI A.Ş. ELUS
MARKET AND PRINCIPLES FOR SUCH SERVICE**

SECTION ONE

General Provisions

Purpose

ARTICLE 1- (1) The purpose of this Procedure is to regulate the principles on clearing, risk, collateral, and default management service to be provided by İstanbul Takas ve Saklama Bankası Anonim Şirketi in Türkiye Ürün İhtisas Borsası A.Ş. ELUS Market.

Scope

ARTICLE 2- (1) This Procedure involves matters on membership, clearing, collateral, default, discipline, income, and other matters concerning clearing, risk, collateral, and default management service to be provided by İstanbul Takas ve Saklama Bankası Anonim Şirketi in Türkiye Ürün İhtisas Borsası A.Ş. ELUS Market.

Basis

ARTICLE 3- (1) This Procedure was issued on the grounds of article 77 of the Capital Markets Law no. 6362, General Regulation on Establishment and Working Principles of Central Clearing Agencies, İstanbul Takas ve Saklama Bankası A.Ş. Central Clearing Regulation, Regulation on Principles and Procedures for Establishment, Operation, and Audit of Turkish Commodity Exchange, Regulation on Intermediation Activities and Oversight and Audit of Intermediaries in Turkish Commodity Exchange, as well as Directive on Central Clearing Service to be Conducted by İstanbul Takas ve Saklama Bankası A.Ş. in Türkiye Ürün İhtisas Borsası A.Ş. ELUS Market and Principles for Such Service, Türkiye Ürün İhtisas Borsası A.Ş. Electronic Product Certificate Market Directive, and Türkiye Ürün İhtisas Borsası A.Ş. Electronic Product Certificate Market Clearing, Risk, Collateral, and Default Management Principles Directive.

Definitions and Abbreviations

ARTICLE 4- (1) The following terms in this Procedure have the meanings provided next to them;

- a) **Exchange / TÜRİB:** Türkiye Ürün İhtisas Borsası A.Ş. (Turkish Commodity Exchange),

- b) **Exchange Membership Collateral:** Collateral received from UPAKs for redemption against losses they may cause to the Exchange, as well as in case of failure to fulfill their subscription, commission, and other obligations in time,
- c) **Electronic Registration Agency / EKK:** Joint stock company licensed by the Ministry to ensure issuance of ELUSes on EKK system, and to monitor all rights and obligations, as well as transactions, associated with these bonds on records with respect to parties,
- ç) **Electronic Product Certificate (ELUS):** Electronic records generated by the licensed storage entity through EKK system pursuant to the electronic record rules,
- d) **Electronic Letter of Guarantee (E-Letter of Guarantee):** Letter of guarantee generated on electronic media with secure electronic signature pursuant to standards and rules established by TÜRİB, issued by banks and submitted to Takasbank on behalf of TÜRİB, and attached to this Procedure,
- e) **E-Letter of Guarantee Platform (ETMP):** Electronic platform operated by KKB, where all messages, transactions, and orders concerning the E-Letter of Guarantee are delivered pursuant to the standards established within the scope of this Procedure,
- f) **CEO:** CEO of İstanbul Takas ve Saklama Bankası Anonim Şirketi,
- g) **Transaction Collateral:** Collateral received from the Clearing Member for fulfillment of obligations arising from market transactions,
- ğ) **Law:** Turkish Union of Chambers and Commodity Exchanges and the Chambers and Commodity Exchanges Law no. 5174 of 18/5/2004,
- h) **KKB:** Credit Bureau (Kredi Kayıt Bürosu A.Ş.),
- ı) **Commission Collateral:** Exchange commissions and fees, as well as collaterals received to cover other obligation deficiencies, received from UPAKs,
- i) **Licensed Storage:** Licensed storage entities engaged in storage of agricultural products, having license certificates pursuant to the Law no. 5300 on Licensed Storage of Agricultural Products dated 10/2/2005, which entered into agreements with the Exchange,
- j) **Central Clearing Regulation:** İstanbul Takas ve Saklama Bankası A.Ş. Central Clearing Regulation,
- k) **CCP:** Central counterparty,
- l) **Position:** Clearing debts and receivables arising due to transactions performed on the Market,

- m) **Procedure:** This Procedure on Central Clearing Service to be Conducted by İstanbul Takas ve Saklama Bankası A.Ş. in Türkiye Ürün İhtisas Borsası A.Ş. ELUS Market and Principles for Such Service,
- n) **System:** Takasbank system, where clearing, risk, collateral, and default management for transactions, carried out in the Market, is performed,
- o) **SPAK:** Investment institutions defined in clause (v) of paragraph 1 of article 3 of the Capital Markets Law, which are permitted to offer clearing and custody services to UPAKs pursuant to the Exchange legislation,
- ö) **Settlement:** The entirety of processes that ensure transfer of funds and/or assets between parties to the transaction by the clearing center through performance of obligations, arising due to transactions performed on TEP, by clearing center member institutions in determined periods and terms,
- p) **Takasbank:** İstanbul Takas ve Saklama Bankası Anonim Şirketi,
- r) **Clearing House:** İstanbul Takas ve Saklama Bankası A.Ş., appointed as the clearing house by TÜRİB Board of Directors,
- s) **Clearing Member:** UPAK that performs clearing of transactions performed on the Market or SPAK, which is permitted to offer clearing and custody services to UPAKs pursuant to the Exchange legislation and which fulfill Takasbank Clearing Membership Conditions within the scope of the Procedure to perform clearing of transactions,
- ş) **Takasbank Membership Collateral:** Collateral received from clearing members for redemption in case of failure to fulfill their subscription, fee, commission, and other obligations to Takasbank in time,
- t) **Compensation Fund:** Licensed Storage Compensation Fund,
- u) **Collateral:** Commission Collateral and Transaction Collateral,
- ü) **TEP/Market:** TÜRİB ELUS Market,
- v) **Product Market Intermediary Institution (UPAK):** Product market intermediary institution, which received operating permit from the Ministry and accepted as a member by the Exchange pursuant to the provisions of the Regulation on Intermediation Activities and Oversight and Audit of Intermediaries in Turkish Commodity Exchange,
- y) **UPAK Takasbank Member:** UPAKs, which are authorized to trade in the Exchange and which fulfill UPAK Takasbank Membership Conditions within the scope of this Procedure,

z) **Directive:** Directive on Central Clearing Service to be Conducted by İstanbul Takas ve Saklama Bankası A.Ş. in Türkiye Ürün İhtisas Borsası A.Ş. ELUS Market and Principles for Such Service,

aa) **Board of Directors:** Takasbank Board of Directors

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SECTION TWO

Principles for Membership

Membership

ARTICLE 5- (1) UPAKs that fulfill the conditions stipulated in article 8 of this Procedure and institutions that are authorized by the Exchange to offer clearing and custody services to UPAKs pursuant to the Exchange legislation and that fulfill the conditions stipulated in article 7 of this Procedure can become members of Takasbank pursuant to this Procedure.

Types of membership

ARTICLE 6- (1) Members are divided into two groups, i.e. “Clearing Member” and “UPAK Takasbank Member”.

- a) “Clearing Member” is authorized to perform its own and/or its clients’ clearing transactions.
- b) “UPAK Takasbank Member” is not authorized to perform clearing transactions; it must receive services from a Clearing Member and be associated with the Clearing Member to be able to clear its transactions on the market. UPAK Takasbank Member is obliged to keep the Commission Collateral and Exchange Membership Collateral deposited in the name of the Exchange due to the transactions performed on the Market in the relevant accounts held by Takasbank.
- c) A “Clearing Member” can be associated with multiple “UPAK Takasbank Members” and perform clearing transactions, provided that it is authorized by the Exchange.
- ç) “UPAK Takasbank Member” may apply for “Clearing Membership” if it obtains authorization for clearing and custody services.
- d) “UPAK Takasbank Member” must fulfill the conditions specified in article 7 for “Clearing Membership”.

Clearing Membership Conditions

ARTICLE 7- (1) The following membership conditions must be fulfilled by institutions specified in article 5 to receive clearing, risk, collateral, and default management services for the Market:

- a) Submission of a letter on authorization by the Exchange to provide clearing and custody services,
 - b) Signing and submission of Clearing Membership contract and pre-contractual information form, contents of which are determined by Takasbank,
 - c) Taking necessary measures to ensure establishment and operation of technical infrastructure, determined and announced to members by Takasbank to perform transactions with Takasbank,
 - ç) Opening accounts determined by Takasbank,
 - d) Deposit of clearing membership admission fee,
 - e) Deposit of Clearing Membership Collateral,
 - f) Submission of other information and documents to be requested by the Takasbank.
- (2) Takasbank is authorized to determine the minimum criteria to be required for technical infrastructure, information processing, and internal systems; to grant a delay to institutions that fail to fulfill required criteria; to receive commitments; and to audit whether criteria are fulfilled.
- (3) UPAK Takasbank Member may apply for Clearing Membership by signing the Clearing Membership contract and depositing clearing membership admission fee and Clearing Membership Collateral if authorized by the Exchange to grant clearing and custody service authorization.

UPAK Takasbank membership conditions

ARTICLE 8- (1) The following membership conditions must be fulfilled to receive risk and collateral management services for the Market;

- a) Submission by the Exchange of a letter on authorization to trade on the Market,
 - b) Non-withdrawal of authorization to trade in the Market due to violations of legislation,
 - c) Signing and submission of UPAK Takasbank Membership contract and pre-contractual information form, contents of which are determined by Takasbank,
 - ç) Opening accounts determined by Takasbank,
 - d) Deposit of membership admission fee,
 - e) Submission of other information and documents to be requested by the Takasbank.
- (2) Takasbank is authorized to determine the minimum criteria to be required for technical infrastructure, information processing, risk management, internal control, and internal audit systems; to grant a delay to institutions that fail to fulfill required criteria; to receive commitments; and to audit whether criteria are fulfilled.

Commencement of operations by Members

ARTICLE 9- (1) Institutions that will apply for membership must apply to Takasbank with information and documents that certify fulfillment of conditions required for membership in the Procedure, and deliver information and documents specified in article 10 of the Central Clearing Regulation, as well as membership contract and pre-contractual information form, to Takasbank.

(2) Takasbank shall assess applications in terms of whether conditions required in articles 7 and 8 are fulfilled. In order for an institution, membership application of which has been accepted, to commence its operations with Takasbank, it must deposit membership fee and membership collateral and authorize the personnel to be performing transactions on behalf of the member on Takasbank system following notification of approval of the membership application.

Obligations of members

ARTICLE 10- (1) Members must observe the following matters:

- a) To act in compliance with this Procedure and other applicable legislation, as well as all principles and rules determined in respect of provided service,
- b) To act in line with the principles of goodwill and integrity to its clients and other members,
- c) To observe system periods determined by Takasbank,
- ç) To fulfill fee, commission, and other obligations, which are required by Takasbank, in due time,
- d) To provide all kinds of information and document to be requested in respect of matters to be deemed necessary by Takasbank in respect of businesses and transactions within the scope of this Procedure, and to offer all kinds of support during inspections to be performed by Takasbank officials,
- e) To accommodate system changes to be made by Takasbank in determined periods and to participate in testing,
- f) To fulfill other obligations under this Procedure in due time and completely.

(2) If any member estimates that they shall partially or completely fail to fulfill their obligations, they should notify the matter promptly to the Exchange and Takasbank with any authenticating information and document, which contain the situation, as well as its reasons. Such notification shall not prevent Takasbank from taking measures determined in the Procedure.

- (3) Members are responsible for fulfillment of all obligations concerning transactions performed within the scope of operations regulated under the Procedure, as well as actions of their employees within the scope of their duties.
- (4) Members perform transactions by means of remote access, using usernames and passwords allocated to their authorized personnel. The member is responsible for transactions performed on the system using the allocated password and the use of password by unauthorized individuals.
- (5) If the system is inaccessible, transactions may be performed by Takasbank pursuant to written instructions to be given by entities with the authority to represent the member.

Restriction of Member operations

ARTICLE 11 – (1) Operations of Members within the scope of the Directive and this Procedure can be restricted by Takasbank under the following circumstances.

- a) Restriction or provisional interruption of operations of the Market, where services are provided, in accordance with article 13 of the Central Clearing Regulation,
 - b) Failure to fulfill obligations determined in the Directive, the Procedure, and the membership contract,
 - c) Detection of issues such as protestation, attachment, or interim injunction, provisional or permanent suspension of activities, cancellation of relevant operating permit, prohibition of performing transactions associated with assets traded on the Market for any reason, presence of a gradual liquidation or bankruptcy order regarding the member,
 - ç) Notification by the Exchange that Exchange memberships of UPAKs are suspended or canceled or authorizations granted by the Exchange to offer clearing services are withdrawn.
- (2) If either circumstance specified in this article occurs, Takasbank may decide to partially or fully liquidate existing positions of the member.
- (3) If operations of the member are restricted due to the matters specified in this article, the situation is promptly notified to the Exchange.

Suspension of member operations and termination of membership

ARTICLE 12– (1) If it is determined that the Member no longer fulfills the membership conditions specified in articles 7 and 8, Takasbank shall be entitled to require fulfillment of such obligations within a suitable period of maximum 3 months to be granted.

- (2) In case significant risks, which would endanger secure and uninterrupted operation of the clearing system, occur as membership conditions are not met anymore or it is failed to fulfill liabilities, Takasbank shall be

entitled to suspend operations of the member completely, on a transaction basis, or provisionally, or terminate the membership, without granting any period. This situation is notified to the Exchange with the fastest means of communication.

- (3) If the Exchange withdraws the authorization of UPAK to trade, Takasbank Membership of the UPAK is terminated by Takasbank.
- (4) If the authorization granted by the Exchange for the Clearing Member to offer clearing and custody services, Clearing Membership of the member is terminated.
- (5) All obligations of members, operations of which are suspended, memberships of which are terminated, or which want to resign from membership in line with their written requests, arising from transactions within the scope of the Directive and the Procedure, shall remain in effect.
- (6) Takasbank is entitled to take any measure, including but not limited to the following, to complete clearing transactions of an institution, operations of which are suspended or membership of which is terminated.
 - a) Prevention of the member from directly performing transactions on its accounts held by Takasbank,
 - b) Utilization of clearing receivables of the member to settle clearing debts,
 - c) Liquidation of collaterals of the member,
 - c) Liquidation of assets available in free accounts of the member held by Takasbank

Resignation from Membership

ARTICLE 13 – (1) An institution that desires to resign from membership shall notify the situation simultaneously to the Exchange and Takasbank in writing. In addition to the obligations of the relevant member within the scope of the Central Clearing Regulation, the following matters are required;

- a) Submission of a copy of authenticating documents to be obtained from the Exchange, indicating that the authorization to offer clearing and custody services has been terminated and the member does not have any outstanding liability to the Exchange, by the Clearing Member and submission of a copy of authenticating documents to be obtained from the Exchange, indicating that their Exchange Membership has been terminated and the member does not have any outstanding liability to the Exchange, by the UPAK Clearing Member to Takasbank,
- b) Settlement of all transactions performed on the Market,
- c) Absence of any liability to Takasbank.

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Return of membership collateral

Article 14– (1) Takasbank Membership Collateral of institutions, authorization of which to trade in the market is withdrawn or which wants to resign at will, shall be returned on the condition that all liabilities of the member to Takasbank are paid, including interest if available, upon delivery by the member of its written order to Takasbank.

SECTION THREE

Licensed Storage Entity Membership and ISIN Allocation Procedures

Licensed storage entity membership procedures

ARTICLE 15- (1) Licensed storage entities should sign “Banking Transactions Commitment Letter” and complete the following documents to have their accounts opened with Takasbank.

- a) Customer Information Form,
- b) Licensed storage activity certificate obtained from the Ministry of Commerce,
- c) Other certificates required in Takasbank Member and User/Representative Identification Operations Procedure.

Licensed storage entity branch account procedures

ARTICLE 16- (1) Separate memberships and separate accounts are established in Takasbank for separate branches of licensed storage entities.

- (2) Identification of licensed storage entities on the system, generation of issuer code, and receiving authorization are performed pursuant to the principles and procedures stipulated in “İstanbul Takas Ve Saklama Bankası A.Ş. Security Numbering Procedure”.
- (3) Licensed storage entities must complete the documents required in Takasbank Member and User/Representative Identification Operations Procedure for every branch.
- (4) If one year or more has elapsed since member acceptance, current partnership structure and “Actual Beneficiary Identification Declaration” must also be completed and submitted.

ELUS ISIN Allocation Procedures

ARTICLE 17- (1) ELUSes are classified with 12-digit standard ISIN codes containing the licensed storage entity and ELUS properties.

- (2) ISIN code must be used in all trading transactions to be submitted to Takasbank.

- (3) ISIN code is generated automatically by Takasbank upon approval of the application made by licensed storage entities to MKK system.
- (4) Takasbank member code for the relevant Branch must be used in ISIN allocation for ISINs to be generated in the name of the relevant branch in transactions performed on behalf of the licensed storage entity branch.
- (5) A separate ISIN issuer code is generated on the system for each licensed storage entity branch. Thus, it is ensured that each licensed storage entity branch is identified by a single ISIN issuer code and a single Takasbank member code.
- (6) ELIS ISIN allocation is performed in conformity with “İstanbul Takas Ve Saklama Bankası A.Ş. Security Numbering Procedure.
- (7) In ISIN code applications, Takasbank code of licensed storage entity branches must be entered during MKK system application stage.

SECTION FOUR

Account Transactions

Account structure

ARTICLE 18- (1) Cash and asset accounts, required for performance of clearing and collateral services for members, are opened in Takasbank.

Accounts to be used in fulfillment of obligations

ARTICLE 19- (1) Clearing operations are performed by means of Takasbank system.

- (2) Obligations concerning transactions performed in the Market are fulfilled on the date of clearing, using relevant cash/asset clearing accounts.
- (3) For cash clearing transactions, in Takasbank;
 - a) “TÜRİB NET TAKAS BORÇ KAP HS” no. TBNET for cash liabilities subject to multilateral netting
 - b) “TÜRİB BİREBİR TAKAS BORÇ KAP HS” no. TBBET for cash liabilities subject to clearing on a contractual (direct) basis
 - c) “Member Free Account” no. 11 is opened for cash receivables.
- (4) For asset clearing transactions, in EKK;
 - a) TTTAH “Takasbank Clearing Escrow Account” for ELUS liabilities subject to multilateral netting
 - b) BBTAAH “Takasbank Contractual Clearing Escrow Account” for ELUS liabilities subject to clearing on a contractual (direct) basis

are opened.

SECTION FIVE

Clearing Principles

Responsibility of Takasbank

ARTICLE 20- (1) Takasbank is not responsible for liabilities of members to the Exchange and other members, with the exception of liabilities it assumes under this Procedure in respect of clearing, risk, collateral, and default management services.

General principles for clearing

ARTICLE 21- (1) Clearing operations are performed by means of Takasbank system.

(2) Members access Takasbank system and perform their transactions using the infrastructure provided by Takasbank. Specifications of systemic messaging to be established between Members and Takasbank and message contents are determined by Takasbank and announced to members.

(3) Rights and liabilities of members, arising from their transactions subject to clearing, are finalized on account through accounts determined by Takasbank.

(4) Takasbank does not provide any guarantee in terms of finalization of transactions on the date of clearing and in due time. Finalization of clearing transactions in time depends on the condition of timely fulfillment by members of their obligations.

(5) Obligations concerning transactions performed in the Market are fulfilled on the date of clearing, using relevant clearing accounts.

(6) In all activities and transactions to be performed pursuant to Central Clearing Regulation, Directive, and this Procedure, Takasbank addresses only the relevant member, regardless of whether transactions belong to clients of members.

(7) Delivery versus payment principle is applied in clearing transactions. Clearing receivables of members, who fail to fulfill their clearing obligations, are not paid.

(8) Based on the trading contracts reported by the Exchange and the type of clearing in the contracts, multilateral netting on the basis of Clearing Member and ELUS Borsa, as well as direct contract-based clearing on the basis of net clearing or contract-based clearing, are performed.

- (9) In line with the preference of the Exchange, transactions performed in the Market may be subject to contract-based clearing between two members without performance of netting.
- (10) Clearing debts must be paid by the members.
- (11) Receivable distribution procedures are performed automatically in consideration of clearing pool balance and remaining liabilities of members at the time of clearing.
- (12) Compensation Fund Share, Exchange service and registration fee, licensed storage entity storage and wastage fee, and other fees determined by the Exchange are collected from Market clearing receivables and/or relevant accounts of members, and transferred to the account of the relevant institution in Takasbank.

Market clearing transactions

ARTICLE 22- (1) Two types of clearing, transaction and commission clearing, are performed in the market

- (2) Transaction clearing is the fulfillment of cash and ELUS liabilities concerning transactions performed in the Market.
- (3) Commission clearing is the fulfillment of Compensation Fund share, Exchange registration fee, licensed storage entity storage and wastage, Exchange service fee, and collections of other fees, if any, and distribution of these to relevant accounts in Takasbank in the order determined by the Exchange.
- (4) The Exchange separately submits transactions subject to transaction clearing and transactions subject to commission clearing.
- (5) Trading transactions performed by UPAKs in the Exchange are reported to Takasbank with details on the Clearing Member that shall conduct clearing transactions.
- (6) Transactions are subject to net clearing by multilateral netting or contract-based clearing within Takasbank, according to information submitted in contracts.
- (7) Clearing debt/receivable information can be monitored by clearing members through clearing screens.
- (8) Clearing orders, also containing member-based cash / ELUS-based debt/receivable details according to information on net clearing by multilateral netting or contract-based clearing, are issued as of 2:00 PM on the clearing date.
- (9) Rights and liabilities of members, arising from their transactions subject to clearing, are finalized on account using relevant cash or ELUS accounts determined by Takasbank. Liabilities are fulfilled by using ELUS clearing accounts held by MKK for members with ELUS debts or cash clearing accounts held by Takasbank for members with cash debts.

- (10) Following clearing transactions, finalized on account upon fulfillment of their liabilities by using cash or ELUS accounts, Members transfer cash and/or ELUS to accounts of clients that are parties to the transactions.

Net clearing by multilateral netting

ARTICLE 23- (1) Under net clearing, the method of net clearing by multilateral netting on the basis of ELUS and transaction currency should be implemented in calculation of net debt or receivable amount in transactions performed in the Market. Cash receivables or debts are determined against Member net ELUS debts or receivables on a member basis, found as a result of netting.

- (2) Under net clearing method, liabilities may also be fulfilled partially, while Takasbank may perform partial clearing against partially fulfilled liabilities at particular times.
- (3) Net cash clearing liabilities are deposited by members to “TÜRİB NET TAKAS BORÇ KAP HS” no. TBNET in Takasbank during the hours specified in this Procedure.
- (4) Released cash receivables belonging to records, clearing of which is finalized against partially fulfilled liabilities, can also be paid partially. Clearing receivable distributions are performed in consideration of clearing pool balance status and remaining liabilities of members at the time of clearing.
- (5) Cash receivables are credited to “Member Free Current Account” no. 11 of members, held by Takasbank.
- (6) Net asset liabilities are fulfilled by members on the date of clearing during the hours specified in this Procedure.
- (7) Asset clearing is finalized by performance of settlement by the system following transfer of ELUSes from member accounts to Takasbank Clearing Escrow Account held by MKK.
- (8) Liabilities of members, which are subject to clearing, are fulfilled by performance of transfer by the system for clearing purposes from ELUS account of the relevant member.
- (9) In order for ELUS clearing receivables to be paid, cash liabilities should be fulfilled pursuant to delivery versus payment principle and relevant settlement should be made by the system.
- (10) Released asset receivables belonging to records, clearing of which is finalized against partially fulfilled liabilities, can also be paid partially.
- (11) Clearing receivable distributions are performed in consideration of clearing pool balance status and remaining liabilities of members at the time of clearing. ELUS clearing receivables are transferred to ELUS accounts of members, which are held by MKK.

Contract-based clearing

ARTICLE 24- (1) In line with the preference of the Exchange, transactions performed in the Market may be subject to contract-based clearing between two members without performance of netting.

- (2) Partial debt payment cannot be made under contract-based clearing method.
- (3) Under contract-based clearing method, liabilities of the member are not netted with net clearing positions, they are followed separately instead. Contract-based clearing liabilities of the member are not subject to netting. Contract-based clearing is performed separately from net clearing transactions.
- (4) Contract-based cash clearing liabilities are deposited by members to “TÜRİB BİREBİR TAKAS BORÇ KAP HS” no. TBBET opened in Takasbank on a member basis during the hours specified in this Procedure.
- (5) Cash receivables are credited to “Member Free Current Account” no. 11 of members, held by Takasbank.
- (6) Asset clearing is finalized by performance of settlement by the system following transfer of ELUSes from member accounts to Contract-Based Clearing Escrow Account (BBTAH) held by MKK.
- (7) Liabilities of members, which are subject to clearing, are fulfilled by performance of transfer by the system for clearing purposes from ELUS account of the relevant member.
- (8) In order for ELUS clearing receivables to be paid, cash liabilities should be fulfilled pursuant to delivery versus payment principle and relevant settlement should be made by the system.
- (9) ELUS clearing receivables are transferred to ELUS accounts of members, which are held by MKK.

Commission clearing

ARTICLE 25- (1) The Exchange reports commission clearing details every day, separately for contract-based clearing and net clearing by multilateral netting, to Takasbank.

- (2) Under the commission clearing performed by commission details received on the basis of clearing type, fees to be notified separately to Takasbank, for each type of fee on a Clearing Member basis, shall be collected in the following order.
 - a) Compensation Fund Share-Directly from Transaction (at transaction volume)
 - b) Exchange Registration Fee
 - c) Compensation Fund Share-Indirectly from Registration (at registration)
 - ç) Licensed Storage Entity Storage Fee
 - d) Licensed Storage Entity Wastage Fee
 - e) Exchange Service Fee
- (3) During fee/commission clearing to be reported on a Clearing Member basis, along with the relevant Market member UPAK detail, abovementioned fee/commission liabilities shall be primarily settled

automatically at the stage of transfer of cash market clearing receivable from the clearing pool to the Clearing Member's free account. If clearing receivable does not cover the relevant fee/commission, the Clearing Member should settle the relevant liability via screens allocated to them.

- (4) Receivables are not distributed unless the member settles the net debt.
- (5) Receivables are distributed for each contract, commission debt of which is settled for direct contracts.

Procedures for payment to licensed storage entities

ARTICLE 26- (1) Wastage and storage fees to be paid to licensed storage entities, specified in paragraph 2 of article 25 of this Procedure and collected from the paid product value, shall be transferred to free cash account of the relevant licensed storage entity, held by Takasbank, upon completion of clearing on every business day.

Amounts accumulated in licensed storage entity accounts are sent automatically by EFT to intermediary bank accounts of licensed storage entities, notified to Takasbank, by 5:00 PM on full business days and by 12:30 PM on half business days, on the last business day of the week.

Procedures for payment to Compensation Fund

ARTICLE 27- (1) Compensation Fund share amount to be paid to the Compensation Fund, collected in terms of the transaction volume specified in paragraph 2 of article 25 of this Procedure, as well as the Compensation Fund share collected from the Exchange registration fee, shall be transferred to the cash account opened with Takasbank in the name of the Compensation Fund on every business day upon completion of clearing. Amounts accumulated in the Compensation Fund are sent automatically by EFT to intermediary bank accounts of the Compensation Fund, notified to Takasbank, by 5:00 PM on full business days and by 12:30 PM on half business days, on the last business day of the week.

Procedures for payment to the Exchange

ARTICLE 28- (1) Amounts (Exchange Service Fee and Exchange Registration Fee total), specified in paragraph 2 of article 25 of this Procedure and collected for each ELUS transaction from the transaction amount at the moment of performance of clearing (Exchange Service Fee and Exchange Registration Fee total), are sent automatically by EFT to intermediary bank accounts of the Exchange, designated by Takasbank, by 5:00 PM on full business days and by 12:30 PM on half business days.

Clearing date and periods

ARTICLE 29 (1) Clearing of transactions performed in the Market are made on the same day (T+0).

(2) Business days, when Takasbank and the Market are open, are considered when clearing periods are determined. Hours for clearing transactions are as follows.

Process	Full business day	Half business day
Commission Notification / Takasbank Netting	2:00 PM to 2:30 PM	11:30 AM to 11:45 AM
Contract-Based Clearing / Net Clearing Starting Time	3:00+ PM	12:00+ PM
Contract-Based Clearing / Net Clearing Ending Time	4:30 PM	12:30 PM
Delayed Debt Final Settlement Time (*)	5:00 PM	12:45 PM

**Debt settlement can by no means be performed after this time and the default process will start directly.*

(3) The Parties cannot fulfill ELUS or cash liability and finalize clearing transactions before the clearing date.

(4) Clearing period may be provisionally changed by Takasbank due to issues arising from clearing, custody, payment, or market operating systems.

(5) Clearing transactions are not performed on official holidays.

(6) Even if cash or ELUS is available in accounts, debt settlement is not permitted and default provisions apply after “Delayed Debt Final Settlement Time”.

Operating days and times of the system

ARTICLE 30- (1) The system opens at 8:00 AM and closes on 9:30 PM on official business days. Closing time is 4:00 PM on half days. Transactions are performed during the hours specified in this Procedure, on the condition that these times are adhered to.

(2) If deemed necessary, operating days and times are changed and announced to members by Takasbank upon obtaining opinion of the Exchange.

(3) System time shall be valid in terms of all transactions performed on the system.

Currency

ARTICLE 31 - (1) Transaction currency is used in payment of cash liabilities arising from clearing transactions.

Finality of clearing

ARTICLE 32- (1) Provisional or permanent suspension of member operations concerning clearing orders and

transactions, as well as payment transactions, occurring in respect of transactions performed in the Market, including initiation of liquidation procedures by administrative and judicial authorities, are irrevocable and irreversible.

(2) Following notification to Takasbank in respect of any action or decision concerning the Member, regulated by laws, which prevent disposition on funds or ELUSes, including suspension of fund or ELUS transfers, as well as restriction or permanent interruption thereof;

- a) In case member activity is suspended or a matter, which would prevent continuation of member activities, is detected, the Exchange is informed with the fastest means of communication to suspend Exchange operations.
- b) All contracts carried out in the Market and transferred to the clearing system are considered to have been finalized and clearing transactions for debts and receivables, which arise by being included in netting/contract-based clearing, are finalized. However, contract cancellations are exceptional and contract revisions are included in the clearing transaction in their new state.
- c) Collaterals established by Members with their available cash and security balances in possession of Takasbank are used to finalize liabilities.
- ç) In order to be able to take action pursuant to decisions notified to Takasbank, all liabilities of the member to Takasbank must be fulfilled.

SECTION SIX

Principles for Risk Management and Collaterals

Risk management

ARTICLE 33- (1) Risk management in the Market is performed by Takasbank pursuant to the principles established by consulting the Exchange. Transaction volumes of members for the previous period and price changes of products traded in the Market are taken into consideration in calculation of transaction collaterals.

- (2) Collaterals in portfolio and client accounts opened by members in Takasbank are updated at least at the end of every business day by Takasbank. Client accounts are monitored separately from transactions, positions, and collaterals of the member.
- (3) A margin call is made for accounts with insufficient valued collateral, against the transaction collateral that should be available, as a result of the update. Margin calls are made by means of member screens provided by Takasbank and/or reporting. In the margin call is sent through the System, it is deemed that

the member received the call without the need for any further warning and notice. Responsibility of the member starts as soon as the margin call, made by Takasbank, reaches the member.

Exchange membership collateral

ARTICLE 34- (1) Exchange Membership Collateral can be received from UPAKs for Exchange Membership. Exchange Membership Collateral amount is determined and announced to UPAKs by the Exchange.

- (2) Exchange Membership Collateral is deposited in Turkish Lira to the TÜRİB Exchange Membership Collateral Account (TSUTL) opened in Takasbank.
- (3) In case Exchange Membership is terminated, Exchange Membership Collateral is returned, along with interest if available, pursuant to the principles to be notified by the Exchange in writing and on the condition that all liabilities of the member to the Exchange and Takasbank are fulfilled.

Takasbank membership collateral

ARTICLE 35- (1) Clearing Members shall deposit Takasbank Membership Collateral determined by Takasbank Board of Directors to compensate losses that might arise in case of the failure to fulfill liabilities such as subscription, fee, commission, and other liabilities to Takasbank in the granted period.

- (2) Takasbank Membership Collateral shall be deposited in TRY.
- (3) If members fail to fulfill their obligations under paragraph 1, Takasbank shall collect the relevant amount from the membership collateral. After such collection, the Member shall top up the membership collateral to the required amount within 3 business days. If the shortfall amount is not topped up, the relevant amount is collected ex officio from the relevant member.
- (4) If membership is terminated, membership collateral is returned on the condition that all liabilities of the member to Takasbank are settled.
- (5) Membership collateral is increased every year at the rate of revaluation.

Transaction collateral

ARTICLE 36- (1) Transaction collateral is received from members to cover risks arising from transactions performed on the Market.

- (2) Transaction collaterals, which are received for clearing liabilities, are collected from members to ensure that the risk of a change in the price of the asset, which is subject to default, does not have an impact in the period from occurrence of a default until resolution of such default.

- (3) Transaction collateral liabilities on a member or account basis are calculated on the last business day of every month and updated on the first business day of the following month, also in consideration of market conditions. If deemed necessary, Takasbank revises transaction collateral liabilities on a member basis in line with the market conditions without waiting for the first business day of the following month.
- (4) Minimum 10% of the transaction collateral amount, which should be available, must be established in Cash Turkish Lira.
- (5) If MKT service is offered, initial and change collaterals are demanded from members to cover the risks arising ELUS positions. Confidence level is taken into consideration as 99.50%, while retention period is taken into consideration as 2 days for new transactions, in determination of essential statistical parameters for the initial collateral. Change collateral is demanded for the difference between current values and market prices of positions. Determined parameters are announced with general letters, published on Takasbank website, and reviewed monthly also in consideration of market conditions. If deemed necessary, Takasbank revises risk parameters in line with market conditions without waiting for the monthly period to expire.

Commission collateral

ARTICLE 37 – (1) UPAKs deposit the commission collateral determined by Takasbank pursuant to the principles determined by the Exchange to fulfill the relevant liabilities in case of the failure to fulfill liabilities, such as fee, commission, and other liabilities arising from transactions performed in the Exchange, in time or to compensate losses that might arise in case of non-fulfillment or late fulfillment of liabilities.

- (2) Minimum 10% of the commission collateral amount, which should be available, must be established in Cash Turkish Lira.

Assets to be accepted as collateral and composition limits

ARTICLE 38- (1) Members may use the following assets within specified composition limits to fulfill their collateral obligations. Takasbank Board of Directors is entitled to determine group limits for new assets to be accepted as collateral or modify group limits, including those determined with this Procedure.

Type of Collateral	Form of Accepted Collateral	Group Limit
Exchange Membership Collateral	Cash Turkish Lira	100%
Takasbank Membership Collateral	Cash Turkish Lira	100%
Transaction Collateral	Cash Turkish Lira	100%
	Foreign Currency (USD/EUR/GBP)	90%
	Turkish Lira Electronic Letter of Guarantee	90%
Commission Collateral	Cash Turkish Lira	100%
	Foreign Currency (USD/EUR/GBP)	90%
	Turkish Lira Electronic Letter of Guarantee	90%

- (2) Group limit indicates the maximum acceptable percentage for the type of collateral, for which the form of collateral in question is deposited. In case of application, group limits are calculated in terms of the total collateral deposited for the relevant type of collateral.
- (3) A letter of guarantee issued by a bank, with which the member is affiliated or has a capital relationship, is not accepted as collateral.

Collateral valuation coefficients

ARTICLE 39- (1) Parametric, non-parametric, or simulation-based statistical methods approved by Takasbank are used in calculation of valuation coefficients, reflecting deduction rates applicable to collaterals. Credit risk, maturity, volatility under extraordinary market conditions, liquidity, and currency risk, if available, of the relevant asset are taken into consideration of collateral valuation coefficients.

- (2) Statistical confidence level to be used cannot be less than 99.50% and liquidation period to be used cannot be shorter than 2 business days in calculations to be made. Historic data to be used in calculations must not be shorter than 1 year. Valuation coefficients for assets, for which there is not enough or any historic data, are determined in comparison with the coefficients calculated for assets with similar characteristics.
- (3) The following valuation coefficients are taken into consideration in calculation of collateral values of assets acceptable as transaction collateral.

Form of Collateral	Valuation Coefficient
Turkish Lira	100%
Convertible Foreign Currency (USD)	90%
Convertible Foreign Currency (EUR-GBP)	89%
Turkish Lira Electronic Letter of Guarantee	100%

Updating collateral values

ARTICLE 40- (1) The following rates are taken into consideration in valuation of assets accepted as collateral.

Valuation	Valuation Criteria	Description
Foreign Exchange	Intraday: Average Interbank Market Trading quotation End-of-Day: FX Buying Rate of TCMB	Interbank market buying-selling average, fed in 15-minute periods during the day, is used. Buying Rate of TCMB is used for end-of-day.

Electronic letter of guarantee transactions

ARTICLE 41- (1)- Electronic letters of guarantee within the scope of this Procedure are issued by Banks in their own systems in line with the determined principles and procedures.

- (2) Electronic letters of guarantee have the same legal nature as the letters of guarantee issued on paper.
- (3) Formats and standards to be observed in generation and submission of electronic letters of guarantee as electronic documents are established by the Exchange and published as an annex to this Procedure.
- (4) Takasbank generates a reference number (REFNO) for each Clearing Member and UPAK Takasbank Member according to the type of collateral to be provided and notifies such number to the members through the system.
- (5) The member that will have an electronic letter of guarantee issued shall contact their bank and request the bank to issue the letter with the reference number.
- (6) Electronic letters of guarantee, issued by banks, are submitted by the Clearing Member/UPAK Takasbank Member to Takasbank by means of ETMP with the REFNO generated by Takasbank in their name and notified on the system.
- (7) Electronic letters of guarantee, submitted with invalid REFNOs, are rejected by Takasbank.

- (8) Any electronic document, which is not issued in line with the established principles and procedures, as well as the format and standards in question, or rejected by Takasbank even if they are issued accordingly, cannot be accepted as a letter of guarantee within the scope of this Procedure.
- (9) Collateral withdrawal requests are submitted by Takasbank to Banks by means of ETMP.
- (10) Member users submit the return order to the system in two stages, i.e. entry and approval. Return requests, which are not approved, are not submitted by Takasbank to Banks by means of ETMP. Orders that are not approved within the same day are canceled automatically by Takasbank at the end of the day.
- (11) If Banks accept the return request, the electronic letter of guarantee is terminated and disqualifies as collateral on Takasbank side.
- (12) An electronic letter of guarantee, posted as collateral by a Clearing Member, can be distributed by the member to its clients in parts.
- (13) Electronic letter of guarantee can be withdrawn partially.
- (14) The member cannot post an electronic letter of guarantee, issued by a bank with which it is affiliated, as collateral.

Collateral deposit or withdrawal transactions

Article 42- (1) Deposit and withdrawal transactions concerning assets accepted as collateral can be performed on screens provided by Takasbank to Clearing Members and UPAKs (clearing terminal) or by means of written orders to be submitted to Takasbank. Direct transactions cannot be performed on these accounts.

- (2) Collateral deposit and withdrawal transactions are performed by means of electronic transfer from/to member free accounts.
- (3) Clearing Members use the clearing terminal to deposit transaction collaterals for transactions performed both in their portfolio and by UPAKs that are their clients.
- (4) UPAKs use the clearing terminal to deposit Exchange Membership Collateral and Exchange Commission Collateral themselves.
- (5) Deposit and withdrawal deadlines on the basis of collaterals are as follows

Assets Acceptable As Transaction Collateral	Full Day Collateral Deposit Deadline	Half Day Collateral Deposit Deadline	Full Day Collateral Withdrawal Deadline	Half Day Collateral Withdrawal Deadline
Cash Turkish Lira	7:00 PM	12:45 PM	3:40 PM	11:40 AM
Convertible Foreign Currency (USD/EUR)	7:00 PM	12:45 PM	7:00 PM	12:45 PM
Electronic Letter of Guarantee	7:00 PM	12:45 PM	7:00 PM	12:45 PM

- (6) It is not permitted to withdraw collateral amounts that should be kept available.
- (7) It is not permitted to withdraw cash collateral after interest accrual time.
- (8) Deadlines for collateral deposit and withdrawal of non-TRY collaterals are intended for transfer between accounts held by Takasbank. Operational business rules of relevant payment system/custody institution are applicable to transfers outside or from Takasbank.
- (9) Electronic letter of guarantee deposit and withdrawal transactions are performed pursuant to the principles set forth in article 41.

Redemption of collaterals

ARTICLE 43- (1) Collaterals are redeemed in the order to be determined by the Exchange in fulfillment of liabilities to other members, Exchange, Compensation Fund, and licensed storage due to clearing transactions of the Member.

(2) In case of redemption of receivables from collaterals due to default of the Member or reasons stipulated in provisions of the applicable legislation or contract, Takasbank shall be entitled to redeem receivables from the collateral or set off the value of such instruments against liabilities of the debtor without the obligation to fulfill any prerequisite such as serving any warning or notice, granting any period, obtaining permission or approval from any judicial or administrative authority, liquidating the collateral through auction or by any other means.

(3) Takasbank shall return collaterals, together with rights if any, upon request of the member, on the conditions that the liabilities are fulfilled.

(4) Pursuant to article 53 of the Law, collaterals cannot be used for purposes other than their deposit purposes, transferred to third parties, attached, pledged, included in bankruptcy estate, or subject to interim injunction, even for public receivables.

Accruing interest on cash collaterals

ARTICLE 44- (1) Takasbank shall accrue interest on cash Turkish Lira collaterals, established by Members, under the best conditions possible pursuant to the principles determined in the Procedure, in consideration of credit risk and liquidity conditions, after deduction of the portion to be established as required reserve. Interest accrual shall be made within Takasbank limits.

(2) Interest accrual is made daily.

(3) Tax and other legal liabilities, as well as Takasbank commission, are deducted from gross interest amounts obtained as a result of interest accrual.

(4) Interest accrual is not made for cash Turkish Lira collaterals, deposited as collateral to Takasbank after 3:40 PM on full business days and 11:40 AM on half business days.

(5) Legal deductions and interest commission deductions are made from gross interest during interest distribution.

(6) Interest accrual is not made for members that do not claim interest. Changes made on the clearing system by the deadline of interest accrual shall take effect on the same day.

Margin call

ARTICLE-45 (1) A margin call is made at the end of every business day for accounts, valued collateral amount of which drop below the level of collateral that must be available, or which have required Turkish Lira collateral deficit.

(2) In addition to end-of-day collateral adequacy checks that are performed regularly, intraday margin call can be made for accounts with inadequate collateral. Member, to whom margin call is made within the day, must have sufficient balance in their collateral accounts in 2 hours. Default provisions shall be applicable to members that fail to fulfill their collateral obligation by the determined time.

(3) Margin calls are made by means of member screens provided by Takasbank, reporting, or e-mail. In the margin call is sent through the system, it is deemed that the member received the call without the need for any further warning and notice. Responsibility of the member starts as soon as the margin call, made by Takasbank, reaches the member.

- (4) Members must fulfill their liabilities for margin calls, which are made at the end of the day, at the latest by 10:00 AM on the following business day. Default provisions shall be applicable to liabilities that are not fulfilled within this period.

SECTION SEVEN

Principles for Default Procedures

General Principles

ARTICLE 46- (1) If the following circumstances occur, the member in question is considered to have gone into default and default provisions shall be applicable without the need for a further notice:

- a) Failure to fulfill additional collateralization liabilities calculated by Takasbank within the period determined in the Procedure,
- b) Failure to fulfill the liability for transaction and commission clearing transactions by the end of « **Delayed Debt Final Settlement Time** » determined in paragraph 2 of article 29 of the Procedure,
- c) Decision to have liabilities of the member settled by Takasbank pursuant to article 11 of the Procedure.

(2) In case of default, Takasbank may not permit the member to withdraw its collaterals in relevant accounts in consideration of the default amount. Takasbank may request the Exchange to prevent order transmission through accounts of the member in consideration of the default amount.

(3) Default interest is charged unless clearing and collateral liabilities are fulfilled in periods determined in this Procedure.

(4) Pursuant to article 33 of the Central Clearing Regulation, aggrievement payment for collected default interest is made pursuant to the procedure determined in article 53 of this Procedure.

(5) Default provisions do not apply in case of the failure to fulfill obligations due to reasons caused by the Exchange, Takasbank, EKK, or TCMB.

Default management process in default due to transaction clearing

Article 47- (1) Default market shall not be opened, no default buying or selling shall be performed.

(2) Default processes shall be conducted as follows in the case of cash or asset default.

a) In case of frozen cash-asset debt;

- i. The process is completed by transferring frozen cash in the clearing pool against the asset receivable at T+0 to the aggrieved member with asset receivable, who fulfilled their liability.

- ii. If the transferred cash is less than the TRY value of the receivable asset, transaction collateral shall be redeemed for the deficient part.
- iii. Depending on the type of collateral, deficient part is paid following liquidation of collateral.

b) In case of frozen asset-cash debt;

- i. ELUS receivable of the cash debtor, not distributed/frozen in the pool (TTTAH) due to the failure to fulfill cash obligation, is transferred on day T+0 initially to the Default pool of Takasbank under MKK (TVS-TTTEH-SERB), and then from TVS-TTTEH-SERB sub-account to UPTMHES Default sub-account of the aggrieved claimant member with KT-Asset Transfer message.
- ii. Following transfer of ELUS to the default pool, MKK shall reset and start to run the number of storage days under TVS-TTTEH-SERB Default Pool. It is transferred to UPTMHES Default sub-account of the member with the number of storage days in TVS Default Pool account (TTTEH). ELUS must be transferred by the member to the relevant investor account within the same day.
- iii. The member with cash receivables is responsible for liquidation of the asset blocked in the clearing pool and the asset transferred to the UPTMHES account.

c) In case of frozen asset-asset debt;

- i. ELUS receivable of the asset debtor, not distributed/frozen in the pool (TTTAH) due to the failure to fulfill ELUS obligation, is transferred on day T+0 initially to the Default pool of Takasbank under MKK (TVS-TTTEH-SERB), and then from TVS-TTTEH-SERB sub-account to UPTMHES Default sub-account of the claimant member with KT-Asset Transfer message.
- ii. However, if the asset frozen in the clearing pool is different than the asset expected by the claimant member, the debtor member (defaulting member) must pay the cash equivalent of the relevant asset to the claimant on the same day. When cash equivalent of the asset is paid to the claimant member, frozen ELUS is transferred to the asset debtor. If the cash is insufficient, transaction collateral is used.
- iii. Depending on the type of collateral, deficient part is paid following liquidation of collateral.
- iv. If the debtor member fails to pay the cash equivalent of the asset within the same day, asset that is not distributed/that is frozen in the pool (TTTAH) against ELUS receivable due to the failure to fulfill ELUS obligation, is transferred on day T+0 initially to the Default pool of Takasbank under MKK (TVS-TTTEH-SERB), and then from TVS-TTTEH-SERB sub-account to UPTMHES Default sub-account of the claimant member with KT-Asset Transfer message. The creditor member is responsible for liquidation of the asset transferred to the UPTMHES account.
- v. Following transfer of ELUS to the default pool, MKK shall reset and start to run the number of storage days under TVS-TTTEH-SERB Default Pool. It is transferred to UPTMHES

Default sub-account of the member with the number of storage days in TVS Default Pool account (TTTEH). ELUS must be transferred by the member to the relevant investor account within the same day.

- (3) Under default processes within the scope of paragraph 2, next-day default is applied to the debtor member pursuant to article 50 of the Procedure, and default interest and aggrievement payment are calculated in consideration of the default settlement period and amount. Default interest and aggrievement amount are collected on day T+1 and the aggrievement is paid to the claimant member.
- (4) Internal default processes are conducted by the member.

Commission clearing default management process

Article 48- (1) Commission collateral is used in case the member fails to fulfill its commission clearing obligation.

- (2) The Exchange notifies Takasbank the UPAK, from whose commission collateral shall the commission default be paid from.
- (3) If the UPAK's commission collateral is insufficient and it is failed to fulfill the liability completely, receivable distribution is not made and default penalty and aggrievement amount are calculated at the total amount of liability.
- (4) The aggrievement amount, calculated and collected from the obligor due to the failure to fulfill the obligation within the same day, is deposited to the account of the Exchange in Takasbank on the date of collection.

Default Interest

ARTICLE 49- (1) Default interest, including legal liabilities, is collected from members, who fail to fulfill clearing, commission, or collateral obligations in due time and go into default.

- (2) The period between the date of default and the fulfillment date of obligation is taken into consideration in calculation of default interest. Default interest coefficient can be differentiated for liabilities fulfilled after the final hour determined on the clearing date but still within the same day.
- (3) If an extension is granted to the defaulting member to remedy the default, the moment of default is taken into consideration in calculation of default interest.
- (4) A default interest, corresponding to the amount of unfulfilled liability, to be calculated on the basis of coefficients set forth in article 50 of this Procedure using the highest overnight weighted average interest rate occurring in BİAŞ Repo Reverse Repo Market, TCMB Interbank Money Market, or Takasbank Money Market, is applied to the defaulting member.

- (5) If the member goes into default, Takasbank notifies the calculated default interest on electronic environment to the member on the business day following the day when the additional collateralization liability is fulfilled with delay. Default interest is calculated in Turkish Lira also for liabilities in foreign currencies. Buying rates of exchange, announced by TCMB, are used in conversion of the relevant foreign currency to Turkish Lira.
- (6) A lower limit may be applied to the default amount to be collected. Amounts for minimum default interest are determined also in consideration of the yearly revaluation rate that is announced by T.R. Ministry of Treasury and Finance in line with market conditions, and announced to members before implementation.
- (7) In case Takasbank has incurred any loss, exceeding default interest, due to the failure to partially or fully discharge the liability, such loss is compensated by the member in default.
- (8) Default interest is paid at the latest within one business day as of the accrual date. If the default interest has not been paid in such period, the amount in question is directly collected from the free current account of the member in Takasbank. If such account does not contain a sufficient amount of cash, collaterals of the member are liquidated. Takasbank right of exchange, set-off, and retention on all assets, rights, and receivables of the member in its possession.

Calculation of default interest

ARTICLE 50- (1) Default base is the amount that is settled with delay for cash liabilities, while it is the amount found by multiplying the number of ELUSes that are settled with delay and the daily weighted average price on the date of transaction for ELUS liabilities.

$$\text{Default Interest} = \text{Default base} * (\text{base interest rate}/100) * \text{number of days}/360 * \text{coefficient}$$

Formula is used for calculation and legal liabilities, if available, are added.

- (2) Default interest calculation is made pursuant to the details specified in the following table.
- (3) Default interest calculation is made pursuant to the details specified in the following table.

ELUS Market	Clearing deadline: 4:30 PM (full business day) /12:30 PM (half business day)	
Calculation Formula	Default Interest = base * (base interest rate/100) * number of days/360 * coefficient	
Applied Base Interest Rate	<ul style="list-style-type: none"> • Borsa İstanbul Repo-Reverse Repo Large Orders Market, • TCMB Interbank Money Market or • Takasbank Money Market nightly weighted average interest rates are taken into consideration and the highest one is applied	
Coefficient	<u>Time interval</u>	<u>Coefficient</u>

	a) Cash/Elus	
	• 4:31 PM - 5:00 PM (full business day) / 12:31 PM - 12:45 PM (half business day)	1
	• 5:01 PM (full business day) / 12:46 PM (half business day) and following days	3
	b) Additional collateralization	
	• 10:01 AM and later	1
	• If carried over to the following day	3
	• Intraday margin call + 2 hours later	1

- (3) If the defaulted liability is in foreign currency, FX buying rate on the relevant value date, announced by TCMB, is used.

Accrual, notification, and collection

ARTICLE 51- (1) Default interest and other legal liabilities are calculated daily on the basis of liabilities that are fulfilled late or not fulfilled on the relevant end-of-day by the member, and the calculated amount is accrued on the following business day.

- (2) Accrued default interest, including other legal liabilities, is paid within 1 business day beginning from the accrual date.
- (3) Accrued default interest is notified on electronic environment through member screens.
- (4) Upon delivery of the notification on electronic environment, it is deemed that the member received the notification without a further notice or notification.
- (5) Default interest and other legal liabilities, which are not paid by the member in due time despite accrual, are collected directly by Takasbank from the free account of the member on the following business day.
- (6) In case Takasbank has incurred any loss, exceeding default penalty, due to the failure to partially or fully discharge the liability, such loss is compensated by the member in default.

Takasbank Default Management Committee

ARTICLE 52 (1) The member, to which default interest accrues, may object to Takasbank on the grounds of occurrence of default without its fault, due to reasons arising from the Exchange, clearing, relevant central clearing system, or payment system, or due to a material error in calculation of default interest.

- (2) Objections are made at the latest within 1 week, beginning from the default accrual date, with a letter and documents concerning the objection attached thereto.
- (3) Objection of the defaulting member is assessed and resolved by the Default Committee, established within Takasbank pursuant to article 35 of the Central Clearing Regulation.

- (4) If the objection, made by the member, is found to be justified, default interest is not applied and, if interest was collected, the amount in question is returned to the member.
- (5) Objection does not suspend the payment of default interest in due time.

Aggrievement payment

ARTICLE 53- (1) Aggrievement payment is made under the conditions set forth in paragraph 6 to a member, to which delivery or payment is not made on the clearing day due to the default of another member in fulfillment of its liability. However, aggrievement payment is not made for delayed deliveries and payments made within the same day.

- (2) Member request is not required for aggrievement payment. However, if a member, that does not want to receive aggrievement payment, notifies such request to Takasbank in writing, no payment is made to such member.
- (3) 2/3 of the default interest, collected from the member that went into default, is paid as aggrievement payment as compensation for the days of delay to the member, to which payment or delivery cannot be made due to the default of another member. No aggrievement payment is made unless default interest is collected.
- (4) Aggrievement amounts are calculated on a daily basis.
- (5) Aggrievement payments are made to free current accounts of members.
- (6) The aggrievement amount, calculated due to the failure to finalize the commission clearing within the same day, is paid to the Exchange.
- (7) In order for aggrievement payment to be made, the following matters are required;
 - a) Objection should have been dismissed and it should have been decided to collect default interest if the defaulting member filed a written objection,
 - b) The default should not have been caused by issues occurring on Exchange, Takasbank, EKK, and TCMB systems,
 - c) Claimant member should have fulfilled their clearing obligations in due time.

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SECTION EIGHT

Miscellaneous Provisions

Fees and Commissions

ARTICLE 54- (1) Fee, commission, subscription, and similar liabilities to be collected in respect of services within the scope of this Procedure are determined by Takasbank and take effect with the permission of the Ministry and announced to members by Takasbank upon obtaining opinion of the Exchange.

- (2) Fees are accrued during transactions or monthly, according to the nature of transaction, and collected from accounts of the member in Takasbank.
- (3) Commission amounts, against which no objections are raised within 3 business days from the date of accrual, shall be deemed to have been accepted.
- (4) Commissions that are not paid in due time are directly collected from free current accounts of members.

Disciplinary Provisions

ARTICLE 55- (1) Disciplinary provisions, set forth in section 7 of the Central Clearing Regulation, are applicable to members that do not comply with the liabilities determined in this Procedure. This situation is also notified to the Exchange in writing.

Measures to be taken in exceptional circumstances

ARTICLE 56- (1) Takasbank is entitled to determine and implement measures to be taken in case of the presence of exceptional circumstances, under which Market clearing transactions are estimated to be impacted negatively. In such cases, it is entitled to take necessary measures in accordance with article 62 of the Central Clearing Regulation. This situation is also promptly notified to the Exchange in writing.

Provisions applicable in the absence of stipulation in the procedure

ARTICLE 57 - (1) Provisions of the Central Clearing Regulation shall be implemented in case of circumstances that are not stipulated in this Procedure.

Effect

ARTICLE 58 - (1) This Procedure takes effect on the date of its issuance.

- (2) “İstanbul Takas ve Saklama Bankası A.Ş. Electronic Product Certificate (ELUS) Clearing Service Procedure” shall be abolished after this Procedure takes effect.

Conduct

ARTICLE 59-(1) The CEO implements the provisions of the Procedure.

Annex:1 Transaction Collateral (Letter of Guarantee) SPAK Copy

Annex:2 Transaction Collateral (Letter of Guarantee) UPAK Copy

Annex:3 Commission Collateral (Letter of Guarantee) Copy

ANNEX: 1

TRANSACTION COLLATERAL LETTER OF GUARANTEE COPY (for SPAK)

PERFORMANCE BOND

Issuer Bank
Issuer Branch
Date of Issuance
Document No.
Letter of Guarantee Type **PERFORMANCE BOND**
Validity **INDEFINITE**
Title of Recipient **Türkiye Ürün İhtisas Borsası A.Ş.**
Takasbank Reference No.

Türkiye Ürün İhtisas Borsası A.Ş.

TOBB İkiz Kuleleri C Blok Kat:19 Dumlupınar Bulvarı No:252, 06530, Ankara

Due to the clearing obligations of A.Ş. (Clearing Member) arising from Electronic Product Certificate Market transactions of Product Market Intermediary Institution(s) (Member/UPAK), in accordance with the provisions of the service agreement for performance of central clearing services, entered into by and between the UPAK and the Clearing Member, provisions of the membership agreement entered into by and between the Clearing Member and İstanbul Takas ve Saklama Bankası A.Ş. (Clearing Center) , and the provisions of the legislation on Türkiye Ürün İhtisas Borsası A.Ş. (TÜRİB) and the Clearing Center legislation governing the Clearing Member, as our Bank guarantees up to TRY (OnlyTURKISH LIRA) of the liabilities of the Clearing Member to arise, upon your initial written request notifying that the Clearing Member partially or completely failed to fulfill its obligations or went bankrupt in case the Clearing Member partially or completely fails to fulfill its obligations or goes bankrupt, regardless of whether these are based on any written agreement, without the need for any warning, notice, objection, protest bill, ruling about the Clearing Member, including approval of the Clearing Member, we hereby declare and represent on behalf of our Bank in the capacity of authorized signatory representatives and officials of our Bank to pay the demanded amount, up to the amount written above, promptly and without delay, in cash and in full, including legal interest for the days elapsed from the date of

demand until the date of payment, regardless of any dispute arising between the Clearing Member and TÜRİB or the Clearing Member and UPAK, as well as the outcome and the legal consequences of such a dispute.

THIS PERFORMANCE BOND IS ISSUED FOR AN INDEFINITE PERIOD.

ANNEX: 2

TRANSACTION COLLATERAL LETTER OF GUARANTEE COPY (for UPAK)

PERFORMANCE BOND

Issuer Bank
Issuer Branch
Date of Issuance
Document No.
Letter of Guarantee Type **PERFORMANCE BOND**
Validity **INDEFINITE**
Title of Recipient **Türkiye Ürün İhtisas Borsası A.Ş.**
Takasbank Reference No.

Türkiye Ürün İhtisas Borsası A.Ş.

TOBB İkiz Kuleleri C Blok Kat:19 Dumlupınar Bulvarı No:252, 06530, Ankara

Due to the transactions performed or clearing services provided by Ürün Piyasası Aracı Kurumu A.Ş. (UPAK) on the Electronic Product Certificate Market, in accordance with the provisions of the membership agreements, entered into by UPAK separately with Türkiye Ürün İhtisas Borsası A.Ş. (TÜRİB) and İstanbul Takas ve Saklama Bankası A.Ş. (Clearing Center), the service agreement on performance of central clearing services entered into by and between the UPAK and other UPAKs, and the legislation on TÜRİB and the Clearing Center legislation governing the UPAK, as our Bank guarantees up to TRY (OnlyTURKISH LIRA) of the liabilities of the UPAK to arise, upon your initial written request notifying that the UPAK partially or completely failed to fulfill its obligations or went bankrupt in case the UPAK partially or

completely fails to fulfill its obligations or goes bankrupt, regardless of whether these are based on any written agreement, without the need for any warning, notice, objection, protest bill, ruling about the UPAK, including approval of the UPAK, we hereby declare and represent on behalf of our Bank in the capacity of authorized signatory representatives and officials of our Bank to pay the demanded amount, up to the amount written above, promptly and without delay, in cash and in full, including legal interest for the days elapsed from the date of demand until the date of payment, regardless of any dispute arising between TÜRİB and the UPAK, as well as the outcome and the legal consequences of such a dispute.

THIS PERFORMANCE BOND IS ISSUED FOR AN INDEFINITE PERIOD.

ANNEX: 3

COMMISSION COLLATERAL LETTER OF GUARANTEE COPY

PERFORMANCE BOND

Issuer Bank
Issuer Branch
Date of Issuance
Document No.
Letter of Guarantee Type **PERFORMANCE BOND**
Validity **INDEFINITE**
Title of Recipient **Türkiye Ürün İhtisas Borsası A.Ş.**
Takasbank Reference No.

Türkiye Ürün İhtisas Borsası A.Ş.

TOBB İkiz Kuleleri C Blok Kat:19 Dumlupınar Bulvarı No:252, 06530, Ankara

Due to the transactions performed or services provided by Ürün Piyasası Aracı Kurumu A.Ş. (UPAK) on the Electronic Product Certificate Market, in accordance with the provisions of the membership agreements, entered into by UPAK separately with Türkiye Ürün İhtisas Borsası A.Ş. (TÜRİB) and İstanbul Takas ve Saklama Bankası A.Ş. (Clearing Center), and the legislation on TÜRİB and the Clearing Center legislation, as well as the legislation on transactions performed on the Electronic Product Certificate Market governing the UPAK, as our Bank guarantees up to TRY (Only Turkish Lira) of the fee and/or commission amounts undertaken by the UPAK, upon your initial written request notifying that the UPAK partially or completely failed to fulfill its obligations or went bankrupt in case the UPAK partially or completely fails to fulfill its obligations or goes bankrupt, regardless of whether these are based on any written agreement, without the need for any warning, notice, objection, protest bill, ruling about the UPAK, including approval of the UPAK, we hereby

declare and represent on behalf of our Bank in the capacity of authorized signatory representatives and officials of our Bank to pay the demanded amount, up to the amount written above, promptly and without delay, in cash and in full, including legal interest for the days elapsed from the date of demand until the date of payment, regardless of any dispute arising between the UPAK and TÜRİB, as well as the outcome and the legal consequences of such a dispute.

THIS PERFORMANCE BOND IS ISSUED FOR AN INDEFINITE PERIOD.