

ISTANBUL TAKAS VE SAKLAMA BANKASI A.S. GLOBAL CUSTODY SERVICE PROCEDURE¹

CHAPTER ONE

Purpose, Scope, Basis, Definitions and Abbreviations

ARTICLE 1- Purpose

- (1) The purpose of this procedure is to determine the operational requirements and transaction rules of the international settlement and custody services provided by Takasbank.

ARTICLE 2- Scope

- (1) The transactions such as settlement, custody, money transfer, corporate actions and other services in the accounts opened in our international settlement and custody system are within the scope of this document.

ARTICLE 3- Basis

- (1) This Procedure has been stipulated based on the the Takasbank Custody Directive..

ARTICLE 4- Definitions and Abbreviations

- (1) The following terms used in this Procedure shall bear the following meanings;
- General Manager:** The General Manager of Istanbul Settlement and Custody Bank Inc.
 - Global Custody Banks:** Banks that offer worldwide custody services for international and foreign securities.
 - Service, Global Custody Service:** Settlement and custody services provided to Takasbank member financial institutions for foreign and international securities as described in Global Custody Contract and the procedure.
 - ISIN (International Securities Identification Number):** ISIN is a unique identifier code assigned in accordance with ISO 6166 for the Financial instruments traded in the national and international markets
 - Central Clearing and Settlement Regulation:** Istanbul Takas ve Saklama Bankası A.Ş. Central Clearing and Settlement Regulation published in the Official Gazette dated 18.7.2013 and numbered 28711,
 - Procedure:** Takasbank Global Custody Service Procedure approved by the General Manager.

¹ This document is translation of original procedure named “Takasbank Global Saklama Hizmeti Uygulama Esasları Prosedürü” dated 31/07/2023. In case of discrepancies original document prevails.

- f) **System:** Takasbank International Settlement and Custody System.
- g) **SWIFT (Society for Worldwide Interbank Financial Telecommunication):** International Financial Telecommunication Network and Messaging Infrastructure
- h) **SWIFT Routing Service:** The messaging infrastructure, which includes routing the instructions received from the member as SWIFT messages to the relevant global custodian and forwarding the SWIFT messages from the relevant global custodian to the member.
- i) **Contract, Global Custody Contract:** The supplemental contract designated to supplement Takasbank Custody Agreement regarding the global custody service Takasbank provides.
- j) **Takasbank:** Istanbul Takas ve Saklama Bankası A.Ş..
- k) **Takasbank Custody Directive:** Takasbank Custody Directive, which came into force after being approved by Takasbank Board of Directors on 21/03/2019,
- l) **ICSD:** International Central Securities Depository, Euroclear Bank, Brussels and Clearstream Banking Luxemburg
- m) **Member:** A Takasbank member institution included in the system by signing Global Custody.
- n) **International/Global Custody Institution:** International Central Securities Depository (ICSD), Global Custody Banks or other custodial banks or institutions with which Takasbank has an account relationship abroad to store international or foreign securities,
- o) **Member Menu:** ‘International Settlement and Custody Transactions’ menu which is under Takasbank Member’s Menu.

CHAPTER TWO

Principles for Membership

ARTICLE 5- Membership

- (1) Banks satisfying the conditions listed in article 6 of the Procedure may get Takasbank global custody service.

ARTICLE 6- Conditions for membership

- (1) The following conditions must have been met to get Takasbank Global Custody Service.
 - a) The member must have signed the “Custody Agreement” and the “Letter of Undertaking for Cash, Securities, Collateral, Conditional Virement and Electronic EFT Instruction” to get the service
 - b) The member must have signed the agreement whose content is determined by Takasbank
 - c) If deemed by Takasbank, Takasbank can perform anti-money laundering and know your customer due diligence with the member

ARTICLE 7- Application for membership and its admission

- (1) Banks that will apply for membership are required to submit their application request addressed to the Directorate General of Takasbank together with a letter accompanied by the information and

documents affirming the fulfillment of the conditions sought for membership in the Procedure and send the below listed documents by enclosing them to this letter to Takasbank.

- a) Takasbank Global Custody Account Opening Request Letter and Contact Information,
- b) Global Custody Supplemental Agreement,
- c) Custody Agreement,
- d) Letter of Undertaking for Cash, Securities, Collateral, Conditional Virement and Electronic EFT Instruction,
- e) Implementing Agreement for the Customer Instructions to be delivered to Istanbul Settlement and Custody Bank Inc. via Fax Machine,
- f) Other documents to be requested by Takasbank in accordance with the relevant local and international legislation.

(2) In order for the membership applications to be eligible for assessment by Takasbank, the information and documents referred to in the first paragraph of this article as well as other documents to be requested by Takasbank must have been completed. Takasbank shall review the filed applications in terms of whether the conditions sought in article 6 have been fulfilled or not.

ARTICLE 8- Obligations of the members

(1) The Members are obliged to comply with the following issues;

- a) Act in accordance with all rules and principles laid down by the Procedure and other relevant legislation for the transfer transactions.
- b) Behave in line with the principles of honesty and good faith towards their customers and other members.
- c) Perform all dues, fee and commission payments and other obligations requested by Takasbank in due time.
- d) Provide all types of information and documents to be requested on issues deemed necessary by Takasbank or global custodian or ICSD with regard to the business and operations within the scope of the Procedure, and provide all type of support in the investigations to be conducted by the officers of Takasbank.
- e) Adapt within the prescribed time periods to the system revisions to be made by Takasbank and participate in the tests they are invited.
- f) Fulfill other obligations within the scope of the Procedure within their time periods and in a complete manner.

(2) If any Member foresees that it will be unable to either partially or wholly fulfill its obligations, it shall be obliged to notify such situation immediately to Takasbank together with all substantiating information and documents containing the reasons thereof.

- (3) The members shall be responsible for the performance of all obligations related to the transactions they have conducted in accordance with the activities stipulated under the Procedure as well as the business and operations performed by their employees pursuant to their duties.
- (4) The members shall 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 on the system by using the allocated password as well as from the use of the password by unauthorized people shall belong to the member.
- (5) In cases where access to the system is not possible, the transactions can be executed by Takasbank in accordance with the written instructions to be given by the people who have authority to represent the member.
- (6) The Members are only authorized to perform their transfer transactions and/or those of their customers.

ARTICLE 9- Disciplinary provisions

- (1) For the members failing to comply with the obligations stipulated in this Procedure, the disciplinary provisions given in Chapter Seven of the CCS Regulation shall be applied.

ARTICLE 10- Suspension of member activities and termination of service by Takasbank

- (1) 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 the obligations, Takasbank shall be entitled to either temporarily suspend the activities of the member entirely or on a transaction basis without designating any time or remove the member from the membership.
- (2) If the transaction authorization of the member is any competent authorities, the member shall be removed from the system membership by Takasbank.
- (3) The obligations of members that have arisen from the transactions included in the scope of the Procedure, of whose activities are suspended, to whom service is terminated or who wish not to take the service upon their own written request, shall prevail.

ARTICLE 11- Termination of service by the member

- (1) The institution wishing to depart from the membership shall inform Takasbank of this situation in writing. In addition;
 - a) all account balances must have been transferred out of Takasbank accounts,
 - b) all obligations with respect to previous transactions must have been fulfilled,
 - c) member must have no System-related obligation against Takasbank.

CHAPTER THREE

Account Operations

ARTICLE 12- Account structure

- (1) Within the scope of the global custody service given to members of Takasbank, Takasbank opens omnibus or segregated accounts in ICSDs or global custodians in order to execute settlement and custody transactions for the international securities.
- (2) Member accounts are opened on Takasbank International Settlement and Custody System.
- (3) Detailed explanations regarding the account structure is provided in “Global Custody Service Manual”.

CHAPTER FOUR

Instructions

ARTICLE 13- Takasbank’s responsibility

- (1) Takasbank shall not be responsible for the members’ obligations against exchanges or trading platforms, transaction counterparties and other members other than those it undertakes through this Procedure in relation to the gold transfer service.
- (2) Takasbank shall not be responsible for unacceptance, rejection and suspension of member instructions by the global custodians or ICSDs. In such cases, Takasbank shall report the status of instruction at the global custodian or ICSD to the member.
- (3) Takasbank accepts instructions for transactions accepted by the global custodians or ICSDs in use. The type of transactions or instructions which are not intermediated by the global custodian or ICSD in use is not accepted by Takasbank.

ARTICLE 14- Systems to be used in sending instructions

- (1) Members can instruct via Member’s Menu or SWIFT by ISO15022 standard MT messages or in written form.
- (2) The necessary technical infrastructure to facilitate the secure, effective and uninterrupted operation of the system is provided by Takasbank.

ARTICLE 15- Instruction Entry from the Member’s Menu

- (1) From the ‘International Settlement and Custody Transactions’ menu, the settlement and money transfer instructions as well as cancellation of settlement instructions can be entered by the member.
- (2) The fields in the Settlement, Corporate Action, Money and Cancellation instructions should be filled in correctly and should be processed in three-step approval. Information on how to fill in settlement,

corporate action, money and cancellation instructions, is explained in the Global Custody Operating Procedures which is published in Takasbank's website.

- (3) Settlement Instructions are Receive Against Payment, Deliver Against Payment, Receive Free and Deliver Free.
- (4) Money Transfer Instructions are Notice to Receive, Money Transfer Financial Institutions (Banks) and Money Transfer Others (All other non-bank members). Notice to receive instructions are instructions which are sent to ICSD or global custodian for the amounts to be transferred to ICSD or global custodian account. These instructions are used with the purpose of ensuring that the amount is transferred on the value day specified in money transfer. Without these instructions, applications such as time difference and cut-off times can cause value-date loss. Cut-off times are announced in member menu under knowledge base. Cash Transfer Financial Institution instructions are used for members who are banks, while Cash Transfer Other instructions are used for cash transfer transactions of non-bank members (who are customers of a bank).
- (5) Corporate action instructions are the instructions entered when the member wishes to participate in a corporate action event or wishes to choose a preference in a corporate action event.
- (6) Cancellation orders are the instructions entered to cancel the orders sent to the global custodian.

ARTICLE 16- Use of SWIFT for Global Custody Operations

- (1) SWIFT messaging can be requested for global custody operations which is provided through Euroclear Bank. One SWIFT BIC code is linked to one Takasbank member code and one Euroclear Bank account.
- (2) Members with SWIFT access can request activation of the SWIFT routing service during account opening.
- (3) Takasbank links the BIC code of the member with Takasbank member code and Euroclear account number, which is opened and allocated for the use of the member. So that, the member can send SWIFT messages to Takasbank and Takasbank forwards the messages to Euroclear with straight through processing.
- (4) Members should send their instructions via SWIFT in accordance with SWIFT ISO 15022 standards and also, message formats set by Takasbank for Euroclear transactions to Takasbank BIC Code (TVSBTRISXXX). Information on how to fill in settlement, money and cancellation instructions and SWIFT message formats can be obtained from relevant Takasbank operations team.
- (5) Wrongly formatted messages can hold off for further manual intervention at Takasbank system or rejected by Euroclear. Takasbank shall not be responsible for wrongly formatted messages or messages that includes missing or wrong information details.
- (6) Settlement Instructions are MT 541-Receipt vs Payment, MT 543-Delivery vs Payment, MT 540-Receive Free and MT 542-Deliver Free.
- (7) Cash transaction instructions are MT 210-Notice to Receive: Pre-advice of funds, MT 202-General Financial Institution Transfer: Cash Transfer Financial Institution (for Banks).
- (8) Cancellation orders are instructions entered to cancel orders sent to Euroclear. Exchange and cash orders can be canceled with standard messages by members (messages MT 540, 541, 542 and 543

with cancellation codes). Free format MT 299 messages are used for the cancellation of cash transactions.

- (9) In cases where Takasbank system is not within the scope of automation and cannot be processed with standard message formats for any reason, instructions can be sent to Takasbank via free format encrypted messages. Messages sent in free format are treated like written instructions and are subject to rules other than paragraph 4 specified in Article 17 of this Procedure.

ARTICLE 17- Written Instructions

- (1) In cases that are not within the scope of automation in the Takasbank system or cannot be processed with standard message formats for any reason, the instructions can be sent to Takasbank as a free-format written instruction.
- (2) Under normal circumstances, the corporate action instructions should be sent to Takasbank at the latest two days before the end of the corporate action period, and other instructions at the latest two days before the transaction value date or settlement day.
- (3) All written instructions must completely and accurately contain all the necessary information for the transaction to take place.**
- (4) Signatures in the written instructions which are sent via fax, mail or post must be consistent with the signatures in the list of authorized signatures. Members who sent their instructions via fax, should deliver their original instruction within the same day. The written instructions must be printed on the letterhead stationery of the institution and must contain member code and account number. In the written instruction, all information required to be entered must be complete and accurate in order to instruct.

ARTICLE 18- Instruction Status

- (1) The status of the instructions can be displayed under 'Outgoing Messages' screen in member's menu. On this screen, the status of the message is shown in the "Status" column. In the 'Outgoing Messages' screen, settled instructions status is monitored as 'The instruction is settled', money transfer status is monitored as 'transfer is posted'. Confirmation of the corporate action transactions can be monitored in 'Corporate actions reports' screen.
- (2) Instruction status and notifications regarding corporate actions events can be monitored from "Corporate Actions Reports" screen.
- (3) Members, who send their instructions to Takasbank via SWIFT ,receive the instruction status notifications as SWIFT messages in ISO15022 format. MT 578 Settlement Allegement (Incoming counterparty instruction notification) can be monitored from 'Incoming Messages" screen. MT 548 Status Advise messages are sent to the members. Status of settlement and cancelation instructions are confirmed by MT 548 messages. Settlement Confirmations are sent by MT 545- Receipt vs Payment, MT 547- Delivery vs Payment, MT 544- Receive Free and MT 546- Deliver Free messages. Money Transfer Confirmations are sent by MT 900- Debit Advise and MT 910- Credit Advise messages. Corporate Action Confirmations are sent by MT 566- Corporate Action messages.

CHAPTER FIVE

Corporate Actions, Other Services, Tax Forms, Contact Information and Knowledge Base

ARTICLE 19- Corporate Action Notifications

- (1) Corporate action notifications relating to the securities in Takasbank members' accounts can be monitored from Corporate Actions Reporting sections in Member Menu.
- (2) For clients who uses SWIFT MT 564 and 568 notifications are forwarded to its BIC code.
- (3) Takasbank corporate action reporting is limited to the reporting it receives from the ICSDs or global custodian in which the security is safekept. Takasbank corporate actions services does not include legal or investment advisory.
- (4) Members are responsible from monitoring corporate actions notifications promptly and take necessary action on each corporate event.

ARTICLE 20- Tax Forms

- (1) Tax forms filled in by members within the scope of securities for which custody services are provided are forwarded by Takasbank to global custodians.
- (2) Members are responsible for completing the appropriate tax forms correctly. Takasbank services does not include tax advisory regarding how the forms would be filled.
- (3) Notification on tax forms and other requirements can be found on Corporate actions Reporting section of member menu.
- (4) Takasbank tax form services are limited to the services that Takasbank receives from ICSDs and global custodians.
- (5) Members follow the valid tax forms from the "Tax Certificates " section of the Member's menu.

ARTICLE 21- Contact Information

- (1) Members enter the contact information to which automatic notifications, general and special announcements will be sent within the scope of the global custody service, from the Contact Information section of the Member menu.
- (2) Contact information is entered on the basis of sub-member code/fund code. Institutional e-mail address is required. In addition, a maximum of three e-mail entries can be made.
- (3) Members are responsible for correctly entering and updating their contact information..

ARTICLE 22- Knowledge Base

- (1) Within the scope of the global custody service, members follow all kinds of reference information (business hours, holidays, correspondent information and other issues) regarding settlement, custody, cash transfer, tax and other issues from the " Knowledge Base" section in the member menu.

CHAPTER SIX

Fees and Commissions

ARTICLE 23- Fees and commissions

- (1) Fees are determined with the fee schedule. Takasbank can make the necessary changes in the fee Schedule if finds it necessary. The fee schedule can change according to Takasbank's cost and new fee items depending on services taken from ICSDs or global custodians.
- (2) Instructions are entered in the system by Takasbank employees on behalf of client regarding the client's written instruction are charged as twice as the fees indicated in fee schedule.
- (3) Commissions are collected monthly.
- (4) The fees shall be accrued in TL over the participants' 70-Commission Account at Takasbank within the month following the transactions and collected within three business days after the accrual. Should the commission amount be failed to be paid in 70 Account, the relevant amount shall be collected ex-officio from the customer's other accounts at Takasbank.
- (5) Other costs, losses and expenses, taxes, legal deductions and other charges like dues, interest, etc. arising from the participant transactions but not have been defined in the appendix of the agreement shall be paid by the participant to the designated accounts within the time periods determined by Takasbank following Takasbank's notification thereof to the relevant participant through the system reports, via e-mail or in writing.

CHAPTER SEVEN

Miscellaneous and Final Provisions

ARTICLE 24- No provision in the Procedure

- (1) For any issue not included or not clearly defined in this Procedure, the General Manager shall be authorized to make a decision, stipulate and govern the implementation in accordance with the relevant arrangements.

ARTICLE 25- Enforcement

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

ARTICLE 26 - Execution

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