

**İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.**  
**SWAP CREDIT MECHANISM RULES PROCEDURE**  
**SECTION ONE**

**General Provisions**

**MADDE 1- Purpose**

- (1) The purpose of Swap Credit Mechanism Rules Procedure is to regulate the principles and procedures concerning the credit mechanism, established to fulfill the short-term fund need that might arise during completion of collateral demanded to cover risks arising from BİAŞ Equity Market, for BİAŞ Equity Market participants of İstanbul Takas ve Saklama Bankası Anonim Şirketi.

**MADDE 2- Scope**

- (1) Swap Credit Mechanism Rules Procedure involves the implementation principles for swap credit mechanism of İstanbul Takas ve Saklama Bankası Anonim Şirketi.

**MADDE 3- Basis**

- (1) Swap Credit Mechanism Rules Procedure was issued based on article 10 of the Law on Payment and Security Settlement Systems, Payment Services and Electronic Money Institutions, article 23 of the Regulation on Operations of Payment and Security Settlement Systems, İstanbul Takas ve Saklama Bankası A.Ş. Borsa İstanbul A.Ş. Equity Market Clearing and Central Counterparty Service Principles Directive, İstanbul Takas ve Saklama Bankası A.Ş. Borsa İstanbul A.Ş. Equity Market Clearing and Central Counterparty Service Principles Procedure, and Takasbank Credit Directive.

**MADDE 4- Definitions and Abbreviations**

- (1) The following terms used in the Swap Credit Mechanism Rules shall have the meanings given next to them;
- 1) **Bank:** Takasbank - İstanbul Takas ve Saklama Bankası A.Ş.,
  - 2) **CEO:** CEO of İstanbul Takas ve Saklama Bankası Anonim Şirketi,
  - 3) **Participant:** CCP members, which are permitted pursuant to article 6 of the Central Counterparty Regulation to be parties to swap services offered by Takasbank on Borsa İstanbul A.Ş Equity Market in the capacity of the central counterparty, and the institution, to which Swap Credit limit is allocated,
  - 4) **Stock Exchange/BİAŞ:** Borsa İstanbul Anonim Şirketi,
  - 5) **Takasbank:** İstanbul Takas ve Saklama Bankası Anonim Şirketi, operating at the address Reşitpaşa Mahallesi, Borsa İstanbul Caddesi, No:4 Emirgan, Sarıyer, 34467 İstanbul/ Türkiye,
  - 6) **Takasbank Money Market (TMM):** The market established and operated by the Bank, which ensures that requests and bids of members with fund excess and/or fund need are matched,
  - 7) **CBRT:** Türkiye Cumhuriyet Merkez Bankası Anonim Şirketi,
  - 8) **CCP:** Central Counterparty,
  - 9) **Market:** Borsa İstanbul A.Ş. Equity Market

- 10) **BRSA:** Banking Regulation and Supervision Agency,
- 11) **Swap Credit Cap:** 9% of total Bank equity, calculated on a monthly basis in accordance with the “Regulation on Equities of Banks” issued by BRSA
- 12) **Request Fulfillment Rate:** Swap Credit Cap/Total Swap Credit Request.

## SECTION TWO

### Principles for Utilization of Swap Credit

#### MADDE 5- Participant requirements

- (1) Being a member of Borsa İstanbul A.Ş Equity Market,
- (2) Having signed Swap Credit Commitment Letter and pre-contractual information sheets pertaining to commitment letters,
- (3) Having fulfilled membership conditions concerning the Market subject to margin call,
- (4) Having submitted other information and documents to be requested by the Bank.

#### MADDE 6- Limit

- (1) A “Swap credit limit”, which determines the upper limit for the credit that can be utilized, is allocated by the Bank to the participants.
- (2) A participant must have received a minimum score of “C” as a result of the internal rating performed by the Bank for them to be eligible for limit allocation.
- (3) Swap credit limits are defined on member banking screens and revised at certain times.
- (4) If participants request limit increase or limit transfer, best efforts are made to review and finalize requests as soon as possible.

#### MADDE 7- Commencement of participants

- (1) Institutions that fulfill the requirements specified in article 5 titled Participant Requirements, to which “Swap credit limits” are allocated, become eligible to utilize credits.

#### MADDE 8- Transaction limits

- (1) Daily total swap credit utilization cap is limited to 9% of the total equity of our Bank, calculated pursuant to the “Regulation on Equities of Banks” issued by BRSA.
- (2) There is no lower limit for amount of swap credit.
- (3) Upper limit for amount of swap credit on a member basis is equivalent to the allocated “Swap credit limit”.
- (4) The amount to be collected cannot exceed 50% of the amount, for which a margin call is made at the end of everyday and which is requested to be completed on the following day for accounts that drop below the necessary level of collateral that must have a collateral amount in the Market or which have TRY deficit.

- (5) Maximum maturity of swap credit is O/N (overnight). The credit cannot be utilized for more than two times in a row; the credit is made available again after a suspension of at least one business day.

### SECTION THREE

#### Credit Utilization Process

##### MADDE 9- Maturity and end-of-maturity payment times

- (1) Participants are obliged to repay their debts by 2:45 PM at the latest at the end of maturity of the credit that they utilize. Credit principal debts are collected from frozen collateral account, while interest and commission debts are collected from free accounts of institutions.
- (2) No new credit is extended to the participant unless interest debts are collected.

##### MADDE 10- Swap credit utilization principles

- (1) Swap credit is utilized O/N (overnight).
- (2) A margin call must be made from the relevant Market on the date when the credit is requested.
- (3) The Bank determines an overnight interest rate for the credit. Interest amount, calculated at the interest rate determined by the Bank, as well as legal withholding, to be charged over the interest, are collected at the end of maturity of every credit transaction.
- (4) Participants submit their Swap credit requests, signed by officials of the institution, to the Bank through the system via bank applications, or in writing by fax/e-mail in case of an issue with the system. Orders are valid until originals are received. The Bank fulfills such requests by 4:45 PM or, on half business days, 10:45 AM. The Bank is entitled to avoid fulfilling orders in part or in full.
- (5) The upper limit for swap credit utilization amounts to 9% of total Bank equity, calculated on a monthly basis in accordance with the “Regulation on Equities of Banks” issued by BRSA.
- (6) Members submit their credit requests to Takasbank by 2:00 PM on full business days, and by 9:45 AM on half business days. All credit requests are fulfilled if total credit request is below the upper limit.
- (7) If total credit requests exceeds the upper limit, each request is fulfilled in line with the request fulfillment rate (Swap Credit Cap / Total Credit Request Amount).
- (8) Credit requests received after 2:00 PM on full business days and after 9:45 AM on half business days are fulfilled up to the upper limit in consideration of time priority.
- (9) Swap credit utilization requests, which are fulfilled by the Bank, can be monitored by intermediary institutions through the system within the same day.
- (10) Utilized credit is transferred to the blocked PYIKR (Swap Collateral Credit Loan) collateral account, opened on behalf of the participant, instead of being credited to free account of the participant.

**MADDE 11- Guarantee**

- (1) Participants utilize credits against signing “Swap Credit Commitment Letter” including an amount, signed with our Bank for Swap credit transactions. Our Bank reserves to right to demand personal surety of institution shareholders that are deemed necessary in addition to the commitment letter.

**MADDE 12- Accrual of interest to swap credit amounts**

- (1) Interest is accrued by the Bank to Swap Credit amounts, blocked and credited to transaction collateral, to the highest extent possible in consideration of credit risk and liquidity conditions. Interest accrual is made within Bank limits by evaluating the amount subject to interest in repo transactions upon being allocated or deposited to banks. Interest accrual might not be made in extraordinary market conditions. If the Bank cannot accrue interest due to market conditions, interest is not paid.
- (2) The balance after deduction of the amount, to be collected by the Bank for Banking and Insurance Transactions Tax (BITT) and other legal costs, from gross interest amounts obtained from accrual of interest to the Swap Credit amount is transferred as interest to the free account of the participant in the Bank.
- (3) Members that do not desire interest must submit such request in writing to the Bank.

**SECTION FOUR****Credit Settlement, Acceleration, and Default****MADDE 13- Settlement of swap credit debt**

- (1) Credit debt is settled by collecting the principal amount of credit from the frozen account and interest and legal withholding from the free account by 2:45 PM at the end of maturity.

**MADDE 14- Acceleration of swap credit debt**

- (1) Swap Credit is accelerated under the following circumstances:
  - a) Maturity of Swap Credit of the Participant
  - b) Temporary or permanent suspension of transactions of the participant by competent judicial and administrative authorities,

**MADDE 15- Principles for Default Procedures**

- (1) It is considered that a member, who fails to fulfill their obligations, go into default without the need for any notice or warning upon occurrence of the circumstances in Article 14.
- (2) In case of default, the amount in free account of the participant in the Bank is set off against their debt. If cash amount does not cover the debt of the participant, legal action is taken against institutions, from which personal surety is taken, and proceedings are initiated to recover the credit.
- (3) Default interest is charged to the total debt during the default period.
- (4) Default interest rate is 50% more than the highest interest rate applied by the Bank for swap credit on the date when the default occurs.

- (5) The period between the date of default and the fulfillment date of obligation is taken into consideration in calculation of default interest.
- (6) Default interest is collected, along with legal liabilities, from members, who fulfill their obligations after the determined time.
- (7) A participant, who goes into default, cannot utilize “Takasbank Cash Credit” during the default period. Besides, a participant, who goes into default in Takasbank Cash Credit and Takasbank Money Market, cannot utilize swap credit during the default period.
- (8) The amount of interest, to be paid to a member in default, is not allocated to free use by such member, and it is used by the Bank for settlement of the debt in default.
- (9) Default interest is calculated with the formula “Default Interest = (assessment\*( base interest rate/100)\*(day/360))” and legal liabilities are added, if available.
- (10) Accrued default interest is reported or notified in writing by the Bank to the member.

#### **MADDE 16- Objection to default**

- (1) A member, to whom default interest accrues, may object to the Bank on the grounds that the default occurred without their fault due to reasons arising from clearing, relevant central custody system, or payment system, or a material error was made in default interest calculation, or they fulfilled their liabilities on time within periods determined in the Procedure.
- (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 a member, who goes into default, is assessed and resolved by the Default Committee established within the Bank.
- (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) In case the objection is dismissed, the decision is notified to the member with a letter.
- (6) Objection does not suspend the payment of default interest in due time.

#### **MADDE 17- Suspension of credit utilization**

- (1) Allocated credit limit is not a commitment by the Bank. Credit utilization may be suspended by the Bank as necessary.
- (2) In case financial and legal problems such as protest, attachment, provisional injunction are experienced by the Participant or in case negative intelligence is received about the Institution throughout the credit relationship, the Bank may suspend credit utilization and directly terminate the existing loan without the need for a further notice. The Bank may commence credit utilization again if the institution proves with legally valid documents that the adverse conditions have ceased to exist.
- (3) Credit debt of the participant is settled and credit utilization is suspended in case of the occurrence of either circumstance specified below in clauses (a) and (b). Credit debt is settled and credit utilization is suspended and credit limit of the institution is canceled in case of the occurrence of either circumstance specified in clauses (c) and (ç) .

- 1) Those whose operations are suspended temporarily or permanently,

- 2) Those who lose their credit rating score and equity criteria, identified as a result of intelligence, financial testing and/or credit rating study conducted periodically by the Bank,
- 3) Those who are identified to have no creditworthiness as a result of intelligence, financial testing and/or credit rating study conducted periodically by the Bank,
- 4) Those, against whom legal action is initiated by the Bank or other financial institutions and public institutions and organizations due to the failure to pay their debts

## SECTION FIVE

### Miscellaneous and Final Provisions

#### MADDE 18- Exceptional circumstances

- (1) In case of the presence of exceptional circumstances, under which swap credit practice is estimated to impact the Bank adversely, the Bank shall be entitled to determine and implement measures to be taken under articles 9 and 10 of this procedure. The Bank may, regardless of these, suspend credit utilization and notify the mentioned measures and practices to CBRT.

#### MADDE 19- Disciplinary Provisions

- (1) The following disciplinary provisions are applicable to participants, who do not comply with the obligations stipulated in the Swap Credit Mechanism Rules Procedure.
  - 1) Those who do not comply with regulations issued by the Bank,
  - 2) Those who do not fulfill their liabilities, arising as a result of daily transactions, at the specified time,
  - 3) Necessary decisions, including partial or full rejection of credit requests for a period to be deemed suitable by the Bank, may be made with regard to the participants that fail to submit information and documents required by the Bank in respect of their affairs and transactions, and to make demanded adjustments or changes.
- (2) Participants, who are temporarily or permanently banned from making transactions, are notified to CBRT.

#### MADDE 20- Business Continuity

- (1) Business continuity plan and emergency rules are regulated by “Takasbank Business Continuity Directive” and sub-directives and continuity plans based on Takasbank Business Continuity Directive. General policy texts regarding business continuity are announced to participant through the Bank’s website.

#### MADDE 21- Amendment to Swap Credit Mechanism Rules

- (1) The Bank is entitled to amend this “Swap Mechanism Rules Procedure”. In cases where amendment of these rules subject to the approval of competent authorities in accordance with the applicable legislation, amendments are implemented following such approval.



**MADDE 22- Announcements**

- (1) Details and changes concerning matters under these Mechanism Rules shall be notified to the participants by means of General Letters or Announcements to be issued by the Bank.

**MADDE 23-Effect**

- (1) This Mechanism Rules Procedure takes effect on the date of approval hereof.

**MADDE 24-Conduct**

- (1) The CEO implements the provisions of this Mechanism Rules Procedure.