

TAKASBANK GOLD TRANSFER SYSTEM DIRECTIVE

CHAPTER ONE

Purpose, Scope, Basis, Definitions and Abbreviations

ARTICLE 1 - Purpose

(1) The purpose of this Directive is to stipulate the operating principles and procedures for Takasbank Gold Transfer System regarding the membership, transfer, account, responsibilities and obligations of the parties and other issues.

ARTICLE 2 - Scope

(1) This Directive covers the operating principles and procedures of the Gold Transfer System to be operated by Takasbank.

ARTICLE 3 - Basis

(1) This Directive has been prepared in accordance with the Communiqué No. 2013-32/43 on Decision No. 32 Regarding Protection of the Value of Turkish Currency published in the Official Gazette dated 29/05/2013 and numbered 28661 and the Regulation on Activities of the Payment and Security Settlement Systems published in the Official Gazette dated 28/06/2014 and numbered 29044.

ARTICLE 4 - Definitions and Abbreviations

(1) The following terms used in this Directive shall bear the following meanings;

- 1) **Decree No. 32:** The Decision No. 32 Regarding Protection of the Value of Turkish Currency published in the Official Gazette dated 29/05/2013 and numbered 28661.
- 2) **Gold:** Gold defined in the Decree No. 32, of whose standards are determined by Takasbank as to be accepted for physical custody.
- 3) **Allocated custody account:** The relevant gold custody account opened at Borsa Istanbul in the name of the member.
- 4) **BIAS, Borsa Istanbul:** Borsa Istanbul Incorporation.
- 5) **Physical custody:** The custody of gold in Borsa Istanbul Inc. safe deposit boxes on behalf of the Member under the account(s) opened in the name of Takasbank.

- 6) **General Manager:** The General Manager of Istanbul Settlement and Custody Bank Inc.
- 7) **Unallocated custody:** Storing the assets received for custody together with those which are same in terms of their nature and returning them through delivery of any asset corresponding to the same amount and characteristics.
- 8) **CCS Regulation:** Istanbul Settlement and Custody Bank Inc. Central Clearing and Settlement Regulation published in the Official Gazette dated 18/07/2013 and numbered 28711.
- 9) **Procedure:** Takasbank Gold Transfer System Procedure approved by the General Manager, which covers the procedures regarding the operation and practices in accordance with the rules and principles stipulated in the Directive.
- 10) **System pool account:** The account/accounts opened at Borsa Istanbul in the name of Takasbank to store gold.
- 11) **System:** Takasbank Gold Transfer System.
- 12) **Agreement:** Takasbank Gold Transfer System Participation Agreement.
- 13) **Takasbank:** Istanbul Settlement and Custody Bank Inc.
- 14) **Transfer Transaction:** The book-entry transfer operation of gold held at Takasbank system pool account on behalf of the Members either between the Members and/or to the member's Borsa Istanbul custody account.
- 15) **Member:** The bank included in the system by signing an agreement with Takasbank and paying the participation fee, which is a member of and/or has signed a custody agreement with Borsa Istanbul Precious Metals and Diamond Market.
- 16) **Member account:** An account opened under Takasbank System Pool Account in the name of the Member and monitored in Takasbank system.
- 17) **Board of Directors:** Takasbank Board of Directors.

CHAPTER TWO

Principles for Membership

ARTICLE 5 - Membership

(1) Banks satisfying the conditions listed in article 6 of the Directive may become a member of Takasbank Gold Transfer System. The Central Bank of the Republic of Turkey is a natural member of the system.

ARTICLE 6 - Conditions for membership

(1) The banks must have met the following conditions to be able to become a System Member.

- 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 participate in the system.
- b) The member must have signed the agreement whose content is determined by Takasbank and must have paid the participation fee given in the service fee tariff.
- c) The relevant custody accounts must have been opened at Takasbank and BIAS.

ARTICLE 7 - Application for membership and its admission

(1) The banks that will apply for membership are required to submit their application request addressed to the General Management Takasbank together with a letter accompanied by the information and documents affirming the fulfillment of the conditions sought for membership in the Directive and send the below listed documents by enclosing them to this letter to Takasbank.

- a) Membership application form,
- b) Authorization certificate (its copy),
- c) Membership Agreement and Pre-Agreement Information Form
- d) Custody Agreement
- e) Letter of Undertaking for Cash, Securities, Collateral, Conditional Virement and Electronic EFT Instruction,
- f) Implementing Agreement for the Customer Instructions to be delivered to Istanbul Settlement and Custody Bank Inc. via Fax Machine,
- g) Other documents to be requested by Takasbank in accordance with the relevant 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 Directive and other relevant legislation for the transfer operations.
 - 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 with regard to the business and transactions within the scope of the Directive, 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 Directive 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 the 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 Directive as well as the transactions 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 Directive, the disciplinary provisions given in Chapter Seven of the CCS Regulation shall be applied

ARTICLE 10 - Suspension of member activities and removal from membership

- (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 trading authorization of the member is revoked by BIAS or 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 Directive, of whose activities are suspended, who are removed from the membership or wish to depart from the membership upon their own written request, shall prevail.

ARTICLE 11 - Departing from the membership

- (1) The institution wishing to depart from the membership shall inform Takasbank of this situation in writing. In addition;
 - a) copies of the documents received from BIAS and substantiating that it has terminated the unallocated custody agreement must have been delivered to Takasbank,
 - b) all future value dated transactions it has conducted in the system must have been fully liquidated,
 - c) it must have no System-related obligation against Takasbank.

CHAPTER THREE

Physical Acceptance of Gold, its Outflow and Reconciliation

ARTICLE 12 - Physical acceptance of gold, its storage and the account depositing transaction

- (1) Gold compatible with the standards stipulated in the Procedure, which is physically delivered to and whose eligibility is approved by BIAS can be subject to the transfer transaction.
- (2) Golds subject to the transfer transactions shall be kept in the system pool account on unallocated basis
- (3) The physical gold depositing instructions shall be forwarded to BIAS by the members through the method(s) determined by BIAS. In this instruction, the amount of gold to be transferred to the system pool account, the value date and the purity information shall be included.
- (4) The gold depositing transaction to the system pool account shall be performed by BIAS in accordance with the relevant member instruction.
- (5) BIAS shall send the information of the member's gold depositing transaction to Takasbank. In the system, Takasbank creates the gold balance entry to the relevant member account.

ARTICLE 13 - Specifications of the physical custody facilities

- (1) The entire consideration of gold subject to transfer in the system is physical and it is stored in accordance with the principles and procedures stipulated by BIAS.

ARTICLE 14 - Counting operations

- (1) The reconciliation regarding the balance of system pool account between Takasbank and BIAS records shall be made in a regular manner.
- (2) The reconciliation opportunity shall be provided to the members through the monitoring and reporting screens.

ARTICLE 15 - Physical outflow of gold

- (1) The member wishing to withdraw its gold balance in the system pool account shall convey to Takasbank its transfer instruction to its allocated custody account at BIAS through the method(s) stipulated in the Procedure. Takasbank shall perform the transfer transaction on account to the extent the member's account balance is available.

- (2) The physical delivery of gold to the member shall be performed from its allocated custody account in accordance with the principles and procedures determined by BIAS.
- (3) No physical gold delivery shall be made from the member account.

CHAPTER FOUR

Transaction Principles

ARTICLE 16 - Transfer system

- (1) Takasbank establishes and operates the appropriate systems to ensure execution of the transfer operations.
- (2) The necessary technical infrastructure to facilitate the secure, effective and uninterrupted operation of the transfer system is provided by Takasbank.
- (3) The system access procedures to enable the Member to conduct transaction in the transfer system shall be stipulated in the Procedure.

ARTICLE 17 - Transfer types

- (1) Transferring gold under the members' own possession and/or those held by them on behalf of their customers between the members and/or the member's own accounts is allowed in the system .

ARTICLE 18 - Sending the instructions and their processing

- (1) The members shall send their instructions to Takasbank through the methods specified in the Procedure.
- (2) The principles and procedures regarding the value date of the transaction, the transaction currency, minimum amount, execution of the transactions, cancellation and return processes shall be stipulated in the Procedure.

ARTICLE 19 – Transaction reports

- (1) The reports containing the amount, parties to the transaction and other transfer details of all transactions executed in the System shall be determined in the Procedure. These transaction reports shall be distributed to the members in electronic environment or made available in the system to their access.

- (2) The members shall create their records by using the transaction reports they have obtained from Takasbank. In case of any discrepancy in the information given in the transaction reports, Takasbank records shall be taken as the base.

ARTICLE 20 - Takasbank's responsibility

- (1) Takasbank cannot be held responsible for the members' obligations against BIAS and/or other members other than those it undertakes through this Directive in relation to the transactions being subject to the gold transfer service.

CHAPTER FIVE

Obligations Regarding the Executed Transactions

ARTICLE 21 - Executing the transfer transactions

- (1) The transfer transactions are conducted on account between the member accounts in accordance with the principles stipulated in the Procedure.
- (2) Execution of transfer transactions through the user codes and passwords allocated to the personnel authorized by the members and within the time periods designated by Takasbank in the Procedure is essential.
- (3) The time periods for the transfer transactions shall be determined in the Procedure.
- (4) No guarantee of Takasbank exists for the completion of transfer transactions on the value date and within the transaction deadlines prescribed in the Procedure.
- (5) The time periods related to the transfer transactions can be changed by the approval of the General Manager.
- (6) The time periods to be applicable in half-day public holidays shall be determined separately and announced to the members by Takasbank.
- (7) The transactions shall be conducted on the value date to the extent there is sufficient gold balance in the member account.

CHAPTER SIX

Fees and Commissions

ARTICLE 22 – Fees and commissions

- (1) The fees and commissions to be applied by Takasbank to its members for the services provided by Takasbank under this Directive shall be determined by the Board of Directors according to the nature of and parties to the transaction. The custody commission shall be calculated based on BIAS fee tariff.
- (2) The collection procedures of the system fees and commissions shall be determined in the Procedure.

CHAPTER SEVEN

Miscellaneous and Final Provisions

ARTICLE 23 - Enforcement

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

ARTICLE 24 - Execution

- (1) The provisions of this Directive shall be executed by the Board of Directors.