



Turkish Mercantile Exchange

AECSD & AMEDA İstanbul Summit 2024

September 23, 2024

About TMEX

- ▶ Incorporated in 2018
- ▶ Electronic Warehouse Receipt (EWR) Market launched on July 26, 2019
- ▶ Field of Business: Operating markets
 - Electronic warehouse receipts (EWR) representing agricultural products in licenced warehouses,
 - Derivative contracts with EWRs underlying.
- ▶ A private legal entity (not a governmental organization)
- ▶ Regulated and supervised by Ministry of Trade

TMEX Shareholders

Shareholders	Share in Paid in Capital (%)	Share Value in Paid in Capital (TRY)
The Union of Chambers and Commodity Exchanges of Turkey (UCC CET/TOBB)	15	7,500,000
53 Commodity Exchanges	36	18,000,000
Turkish Grain Board (TGB/TMO)	15	7,500,000
Borsa İstanbul (BIST)	15	7,500,000
Istanbul Settlement and Custody Bank (Takasbank)	5	2,500,000
Central Securities Depository (MKK)	5	2,500,000
T.C. Ziraat Bankası	3	1,500,000
Türkiye Vakıflar Bankası TAO	3	1,500,000
Türkiye Halk Bankası	3	1,500,000
Total	100	50,000,000

TMEX & EWR Ecosystem

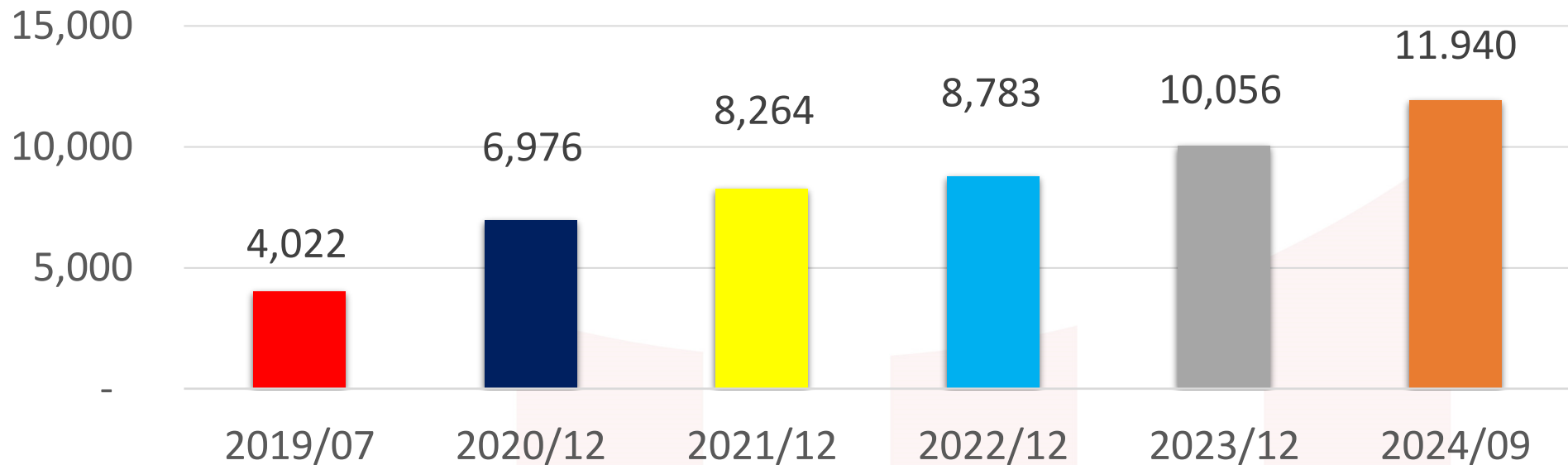
- 112** Commodity Exchanges as agents for investor registry
- 221** Licensed warehouses
- 237.261** Investors registered
- 25** Settlement agents

Contracts traded in TMEX

- ▶ Electronic Warehouse Receipts (EWRs)
 - EWRs represent ownership of agricultural commodities, have been actively traded since the establishment of the EWR Market on July 26, 2019.
- ▶ Futures contracts with an underlying of EWRs
 - Futures Market is scheduled to launch in 2025.
 - These futures contracts will enable market participants to hedge and trade on the future prices of agricultural goods represented by EWRs.

Licensed Warehouses

- ▶ 221 Licensed Warehouses in operation
- ▶ 300 locations
- ▶ Licensed Warehouses have the capacity to keep 27% of annual grain harvest of Turkey
- ▶ Licensed Warehouse Storage Capacity (**thousand** tons):



EWR Issuance Process

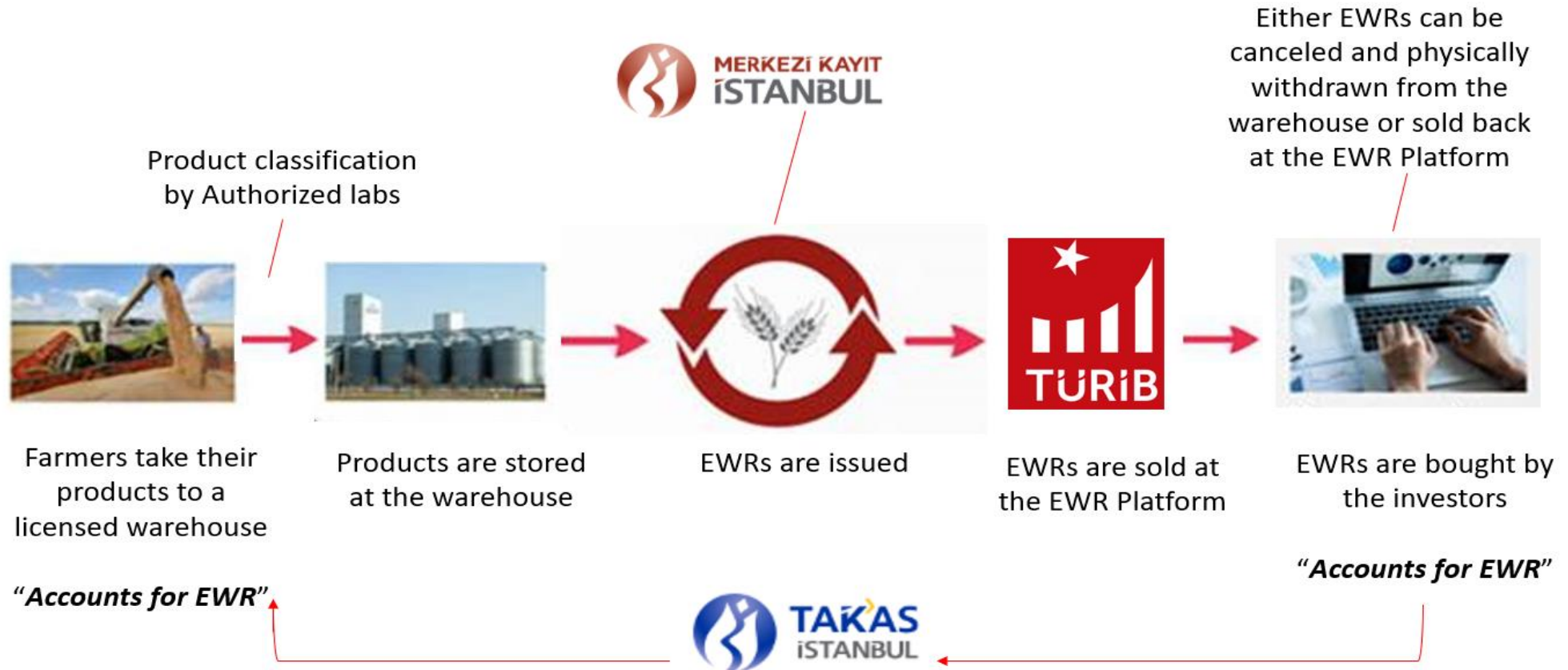
- ▶ EWRs are created by **Licensed Warehouses** within the Electronic Registry Institution system per Electronic Registration Rules (ERR).
- ▶ Agricultural commodities received by Licensed Warehouses are analyzed and classified by the **Authorized Classifier**.
 - Authorized Classifiers licensed by Ministry of Trade are separate entities than the Licenced Warehouses. They operate laboratories that analyze agricultural products, determine the product's specifications and classify them per the standards set by the Ministry of Trade.
- ▶ Following the analysis and classification process by the Authorized Classifier, agricultural products are accepted into the Licensed Warehouse and the EWR representing the product is issued in the Central Registry System (CRS) run by the **Electronic Registry Institution** and exported into the account of the product owner.
 - Every Licensed Warehouses is a member of the Electronic Registry Institution.

Who can Trade EWRs in TMEX?

- ▶ All investors who meet the conditions below can trade EWRs in TMEX
 - Has an account at a brokerage house or bank
 - Register to TMEX Trading Platform via an TMEX Agency/Partner (112 Local Commodity Exchanges).
- ▶ TMEX has more than 237k registered investors
- ▶ Buyers and sellers send orders directly to TMEX's Trading Platform
 - Commodity market intermediary institutions (CMII) will be operational in the 4Q2024.

From Farm to TMEX

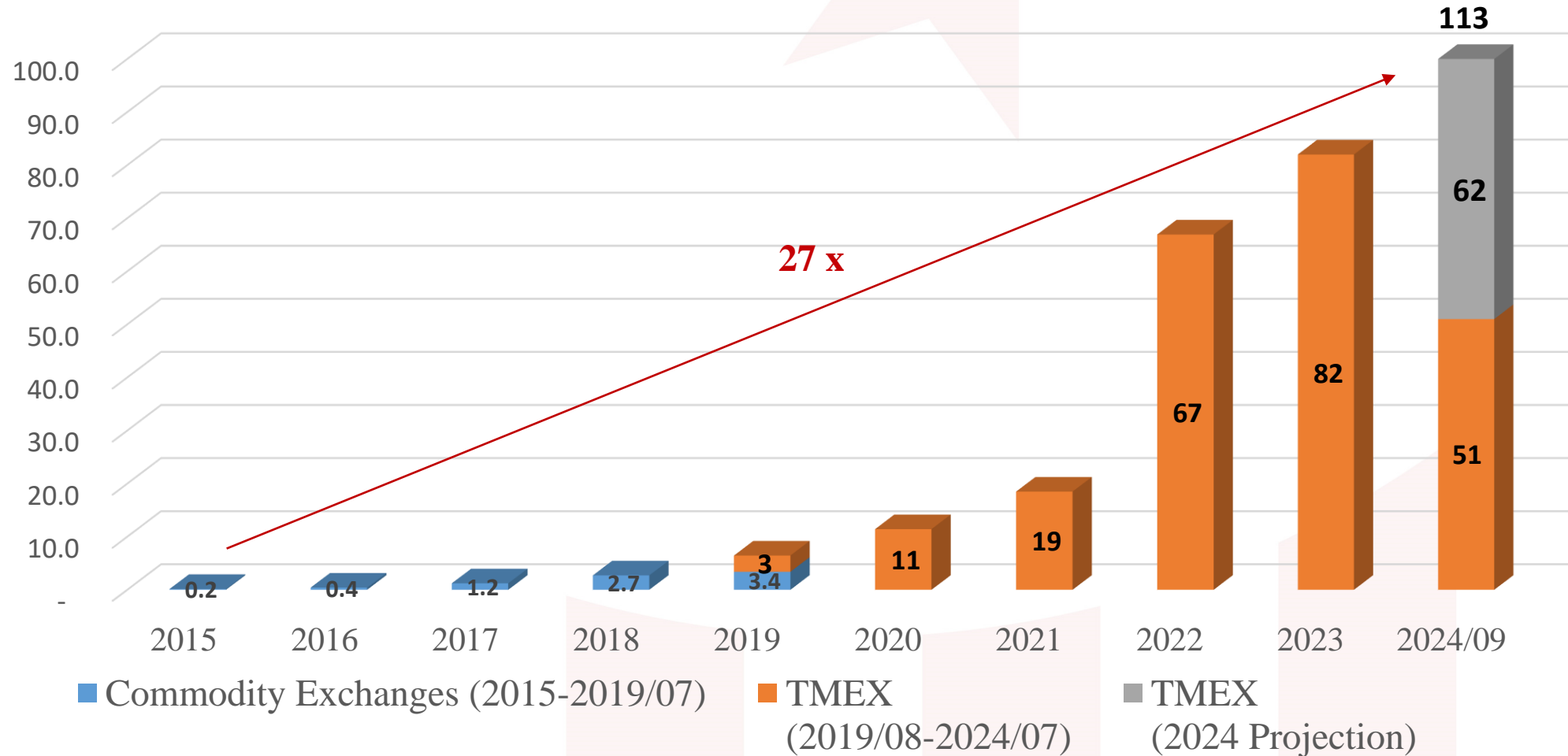
Licensed Warehousing & Electronic Warehouse Receipt (EWR) Market



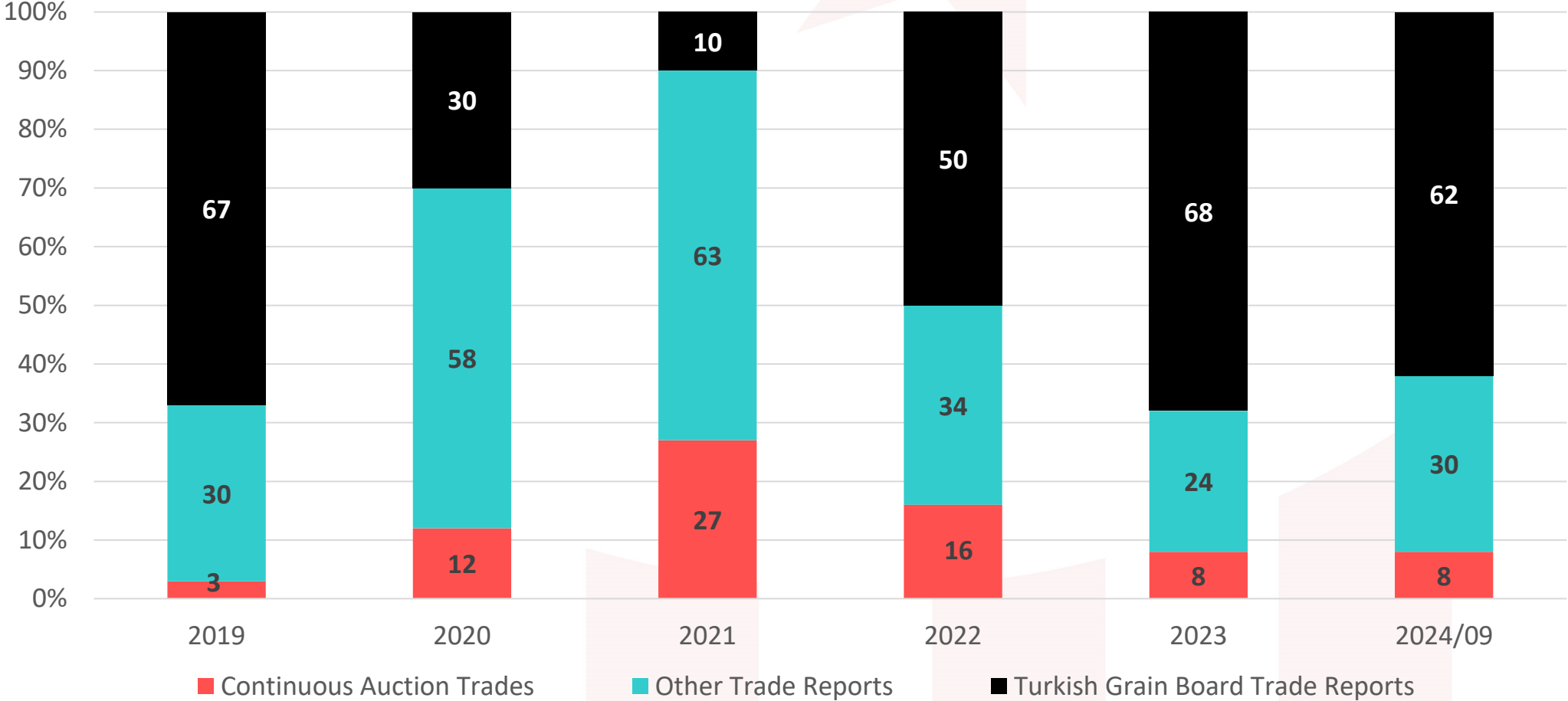
EWR Trading and Settlement

- ▶ EWR's are traded on the TMEX Trading Platform between 10.00-13.00 hours in business days.
- ▶ At the end of the trading session, the trade data is transmitted to Takasbank, central clearing house of Turkey for settlement purpose.
- ▶ The settlement principle is T+0 until 17.00.
- ▶ The settlement is executed via Takasbank Delivery versus Payment (DvP) Bilateral Transfer System (Real Time Gross Settlement-RTGS) by banks and brokerage houses.
 - RTGS system provides simultaneous cash transfers at the members accounts at Takasbank and security transfers at the CSD MKK investor accounts.

EWR Market Trading Value (TRY, Billion)



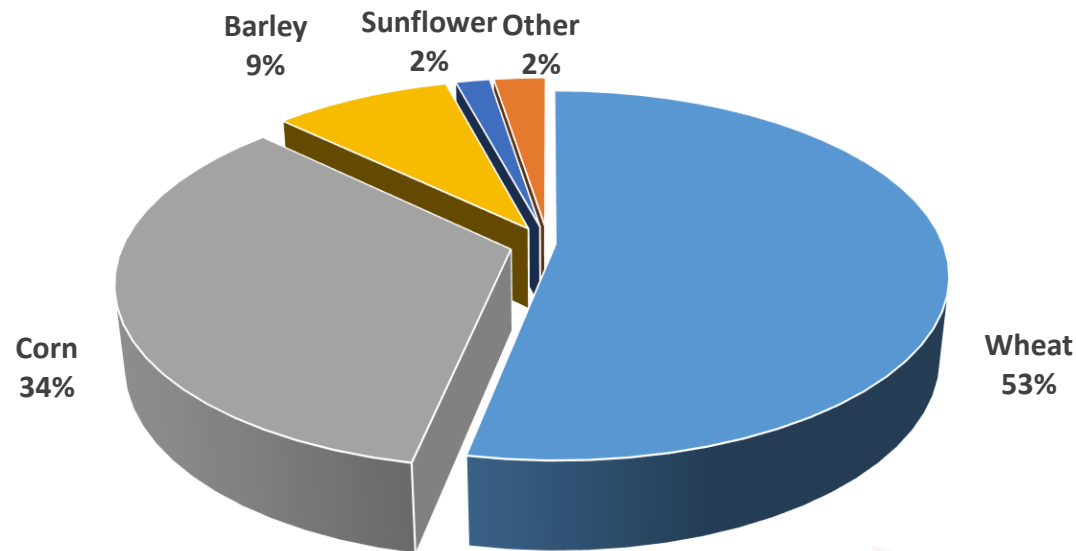
Private Sector share in Trading Value- %



Cumulative TMEX EWR Market Figures*

▶ Trading value and volume by Commodity

- ▶ Trading value: **233 Billion TRY**
- ▶ Trading volume: **46 Million Tons**
- ▶ # of transactions: **1,232,196**



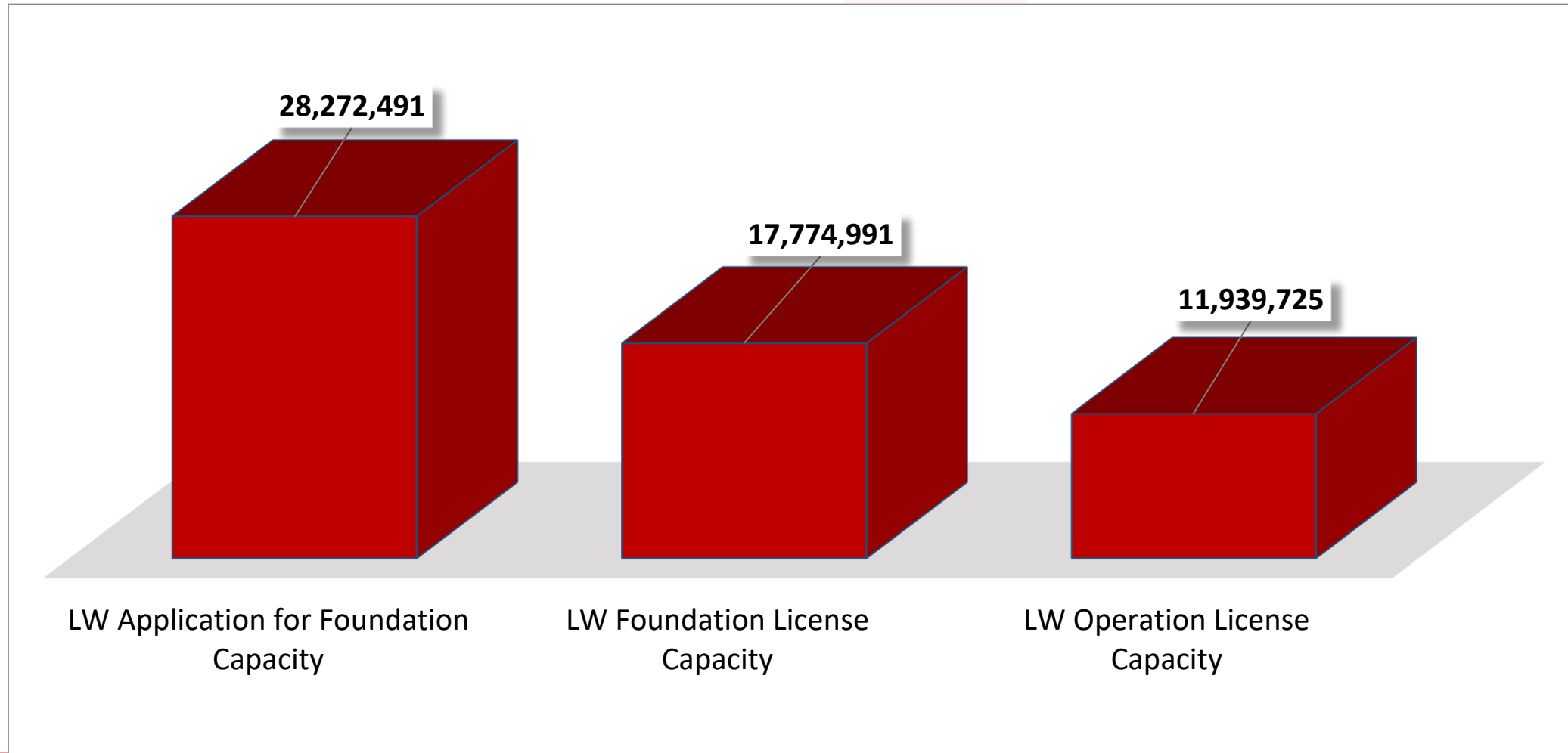
(*) 26.07.2019 – 20.09.2024 Period

TMEX Agricultural Commodity Price Indices

- ▶ To monitor the price performance of agricultural commodities
- ▶ To use a benchmark for financial instruments
 - Asset backed securities
 - Lease certificates (sukuk)

Grain	Wheat	Corn	Barley
Barley	Wheat Bread	Corn 1. Grade	
Wheat	Wheat Durum	Corn 2. Grade	
Corn			

Licensed Warehouse (LW) Capacity (Tons)



Projects ahead: 2023-2025


- ▶ Migration to the new trading platform infrastructure
 - Transition to intermediary system at the EWR Market
 - Launch of Tawarruq Market (Islamic banking short term finance facility via EWR trades)
 - Launch of Futures Market (contracts with EWR underlying)


- ▶ Integration of Surveillance System to the new trading platform




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