

Reg No : İMKB-2-GDD-010.06.02-61-909

January 18, 2013

Re : Termination of the Up-Tick Rule in Short Sales for the
Equities Included in İMKB 100 Index

Circular No: 417
Equity Market

Esteemed Member,

Re : a) Circular no. 385, dated December 30, 2011
b) General Letter no. 3998 dated December 31, 2012

İMKB's appeal to the Capital Markets Board of Turkey (CMB) for its authorization to apply or terminate the up-tick rule applied in the Equity Market in line with the changing market conditions was approved in the latter's meeting dated December 6, 2012. CMB's relevant resolution and the resulting Communiqué revision were advised to İMKB by a letter no. B.02.1.SPK.0.16-220.02-1820-11959, dated December 19, 2012.

As part of the planned process to terminate the up-tick rule, İMKB published the general letter referred to in (b) above in order to allow its members to prepare their own order transfer systems accordingly, and the planned date to start the practice was announced.

In addition to that, the proposed revision on article 29 entitled "Price Limit on Trades" of CMB's Communiqué Series V, No: 65 on Margin Trading, Short Selling, Security Lending and Borrowing was promulgated in the Official Gazette no. 28514 (4th Repeated Issue) dated December 31, 2012.

The revised version of the said article is as follows:

"Price Limit on Trades

ARTICLE 29 – *In the case of short selling transactions, the relevant exchange is authorized to decide that the security subject to short sales will be sold only at a price higher than the last executed price, and if the last executed price is higher than the previous price, at the last executed price, and determine the relevant principles. The exchange may use this authority on intermediary institution, market or security basis. The relevant exchange shall advise such decisions along with its reasons, to CMB.*

CMB may, if deems necessary, bring or terminate the requirement that a security subject to short sales be sold only at a price higher than the last executed price, and if the last executed price is higher than the previous price, at the last executed price, on intermediary institution, market or security basis."

The above revision in the relevant article of the Communiqué authorizes İMKB to apply or terminate the up-tick rule to which short-selling in İMKB Equity Market is subject.

Therefore, İMKB Board resolved at its meeting no. 1515 dated January 8, 2013, as follows:

The up-tick rule to which short selling in the Equity Market is subject will be terminated for the equities included in İMKB 100 Index and subject to short selling (A Group equities) at the first stage.

The new application allows members to give short selling orders at any price, provided that it falls within the price limits, for the equities included in İMKB 100 Index. The current up-tick rule will continue to prevail for the rest of the equities traded on İMKB as well as the participation certificates of exchange traded funds.

The new application will enter into force on February 1, 2013.

For your information,

Sincerely,

İbrahim M. TURHAN
Chairman & CEO