

## **REGULATION ON BONDS AND BILLS MARKET OF ISTANBUL STOCK EXCHANGE**

**Date of Publication and Announcement on Official Journal: February 19, 1996 – Volume: 22559**

### **PURPOSE<sup>1</sup>**

Article 1 – The purpose of the establishment of the Bonds and Bills Market is to foster and encourage securities circulation between Market members and to ensure that investments made by investors in securities other than stocks are priced in a competitive market environment and are converted into cash any time desired.

### **LEGAL GROUNDS**

**Article 2** – This Regulation has been issued by virtue of article 20 of the Regulation on Istanbul Stock Exchange. .

### **MEMBERSHIP REQUIREMENTS<sup>2</sup>**

**Article 3** – The Central Bank of the Republic of Turkey, members of the Exchange, and Banks that have obtained authorization from the Capital Markets Board can execute trades on the Bond and Bill Market. Banks that are not a member of Istanbul Stock Exchange but have been authorized to execute trades on the Bond and Bill Market and their representatives are governed by all the arrangements that bind the members and members’ representatives.

All market members willing to trade on the Market are required to sign the “Bonds and Bills Market Letter of Undertaking” that defines the general terms and the obligations of the market participants in a format prepared by Istanbul Stock Exchange and approved by the Capital Markets Board and to open a “Securities Custody Account” and a “Cash Account” in a Clearing Bank, Company or House to be designated, and to maintain a collateral equal to the trading limit the type and amount of which is to be determined by the Exchange, and to fulfill and perform all other obligations stipulated by the Exchange for the execution of transactions. Market members willing to execute repo – reverse repo transactions are also obliged to obtain a certificate of Authorization from the Capital Markets Board and to sign a “Repo-Reverse Repo Letter of Undertaking” in the format prepared by Istanbul Stock Exchange and approved by the Capital Markets Board.

Intermediary institutions authorized to act as a market maker under the regulations of the Undersecretariat of Treasury are liable to prove and document such authorization.

### **QUALIFICATIONS OF MEMBER REPRESENTATIVES<sup>3</sup>**

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<sup>1</sup> It was amended with the Regulation published on the Official Journal dated 24.01.1997, Volume 22887. The pre-amendment text is attached.

<sup>2</sup> First the content of the article was amended with the Regulation published on the Official Journal dated 14.06.1996, Volume 22666, and then the heading and content of the article was amended with the Regulation published on the Official Journal dated 24.01.1997, Volume 22887. The last paragraph of the article was inserted by virtue of the Regulation published on the Official Journal dated 08.08.2000, Volume 24134. The pre-amendment texts are attached.

**Article 4** – Persons meeting the qualifications and fulfilling all the conditions specified in Article 11 of the Regulation on Istanbul Stock Exchange are entitled to serve as a representative in the Bonds and Bill Market provided that they obtain the certificates of the education programs, participation in which is deemed mandatory by the Exchange.

The certification requirement mentioned above does not apply to persons who have worked at the Capital Markets Board, the Central Bank of the Republic of Turkey and Istanbul Stock Exchange in a position requiring specialization or at higher positions with good references for a minimum period of three years, or who have worked in banks as a general manager, assistant general manager or securities manager for a minimum period of three years, or who have worked for a member intermediary institution for a period of five years and have served as a general manager for at least three years of the said period or have served as a chairman or managing member of the board of directors for at least three years, or who have passed the Capital Market Activities Basic Level or Advanced Level examination and who have worked at the Bonds and Bills Market as an Exchange member representative for a minimum period of two years before 1//9/1994.

The persons who are exempt from the certification requirement are entitled to be a representative provided that they participate in the Bonds and Bills Market Practical Training Program on Computerized Trading System.

Executive Council of the Exchange is authorized to lay down the requirements relating to the qualifications of member representatives willing to trade in this Market and the number of representatives who may trade in the Market in the name of a member.

## **TRADED SECURITIES**

**Article 5** - Government bonds, treasury bills, revenue-sharing certificates, bonds issued by public corporations and entities, private sector bonds, asset-backed securities and commercial papers and other accepted securities may be traded on this Market.. The starting dates of trading of the said securities on this Market will be announced by the Exchange.

Securities not listed on the Exchange will be traded in accordance with the ISE Listing Regulation.

## **TRANSACTION TYPES<sup>4</sup>**

**Article 6** - Primary market transactions, outright purchases and sales, and sales with repurchase agreement and purchases with resale agreement (repo and reverse repo) transactions may be executed in this Market. Separate markets may be created to execute such transactions with the decision of the Executive Council of the Exchange.

In the Market, transactions may be executed with a value date determined by the Executive Council. The members may trade the securities which they already possess, or the securities they purchased but have not been delivered yet, or the securities purchased in a Treasury auction but have not been delivered yet and securities borrowed pursuant to the regulations of the Capital Markets Board.

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<sup>3</sup> Paragraphs 1 and 2 were amended with the Regulation published on the Official Journal dated 11.01.2005, Volume 25697, and paragraph 3 integrated. The pre-amendment paragraph texts are attached.

<sup>4</sup> Paragraph 2 of the article was amended with the Regulation published on the Official Journal dated 08.08.2000, Volume 24134. The pre-amendment paragraph text is attached.

## **TRADING LIMITS AND TRADING LIMIT COLLATERALS<sup>5</sup>**

**Article 7** – Members of the market are allocated a “trading limit” which is determined by the Exchange. These limits, which are comprised of tranches may be reviewed and modified by the Exchange in certain intervals.

Market members may trade up to certain folds of the net trading limit collateral they deposited ,which is to be determined by the Executive Council of the Exchange, taking into account the security, value date and market volatility provided that the trading limit set by the Exchange is not exceeded. The trading limit corresponding to the net trading limit collateral may be changed in general or on a member basis by the Presidency of the Exchange when it is necessary to maintain confidence in the market. However, if an additional 100% trading limit collateral is deposited, the “trading limit” can be increased up to threefold. The Executive Council of the Exchange sets the principles regarding the upper trading limit and trading limit collaterals.

Trading limit collaterals serve as a guarantee and may be used by the Exchange for fulfillment of the obligations, if and when the Member fails to fulfill all or some of its obligations to its clients, other Market members and/or the Exchange in compliance with the laws and regulations applicable to the Exchange, without any prior notice, court verdict or consent of the relevant Member.

## **ORDER SIZE AND TRADING HOURS<sup>6</sup>**

**Article 8** - Executive Council of the Exchange determines the minimum size of orders and their multipliers and maximum size of orders that may be transmitted to the Market. Separate market(s) may be established for the values remaining below or above the amounts to be determined by the Executive Council of the Exchange.

Trading hours of the Market are determined by the Executive Council of the Exchange.

## **TRANSMISSION OF ORDERS TO THE EXCHANGE<sup>7</sup>**

**Article 9** - Market members transmit their orders to trading system in accordance with the principles determined and announced by the Executive Council of the Exchange.

## **PROCESSING OF ORDERS<sup>8</sup>**

**Article 10** - In the Bonds and Bills Market, purchase and sale transactions are carried out through matching the orders conveyed to the Exchange by the members under competitive market conditions. In purchase and sale transactions, the "multiple prices" method is applied

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<sup>5</sup> First, the article was amended with the Regulation published on the Official Journal dated 14.06.1996, Volume 22666, and thereafter with the Regulation published on the Official Journal dated 24.01.1997, Volume 22887. The pre-amendment texts are attached.

<sup>6</sup> It was amended with the Regulation published on the Official Journal dated 11.01.2005, Volume 25697. The pre-amendment text is attached.

<sup>7</sup> First, the article was amended with the Regulation published on the Official Journal dated 24.01.1997, Volume 22887, and thereafter with the Regulation published on the Official Journal dated 11.01.2005, Volume 25697. The pre-amendment texts are attached.

<sup>8</sup> Subparagraph c of paragraph 3 was amended with the Regulation published on the Official Journal dated 24.01.1997, Volume 22887, and with the Regulation published on the Official Journal dated 11.01.2005, Volume 25697, paragraph 2 and paragraph 3 subparagraph b were amended, and paragraph 3 subparagraph c was deleted. The amended paragraph texts and the deleted subparagraph text are attached.

together with the continuous auction system in accordance with the principles set forth in this Regulation.

From the purchase and sale orders transmitted to the Bonds and Bills Market trading system, the outright purchase orders with the highest price/lowest rate; the outright sale orders with the lowest price/highest rate; the repo orders with the highest rate; the reverse repo orders with the lowest rate; if the security underlying the repo/reverse repo transaction is known, where the repo rates are equal the repo order with the lowest security price, where the reverse repo rates are equal the reverse repo order with the highest security price are determined and immediately conveyed to the market participants. Upon execution of a transaction at the best ask or bid, the subsequent pending best bid(s) or ask(s) are displayed on the screen automatically.

The Executive Council of the Exchange may decide to use trading methods other than multiple price continuous auction, taking the characteristics of the security and its market into the consideration.

The following priorities are applied on the purchase and sale orders entered:

- a) Price Priority: Sale orders with lower prices are matched prior to the sale orders with higher prices; purchase orders with higher prices are matched prior to the purchase orders with lower prices.
- b) Time Priority: In the case of price equality, the orders entered into the system previously are matched with priority. Accordingly, in case of price equality, time priority is applied.

## **EXECUTION OF ORDERS<sup>9</sup>**

**Article 11** - Members willing to match the orders displayed on the relevant screens will transmit their counter-orders to the Bonds and Bills Market Department. The orders may be matched fully or partially.

Names of the Market members are not displayed on the screens during execution of the transaction. Only upon completion of the trading transaction, the Istanbul Stock Exchange discloses identity of the parties to each other. Starting from that moment, the parties will be liable towards each other.

## **NOTICE OF EXECUTION OF ORDERS**

**Article 12** - The Istanbul Stock Exchange will notify the parties of each transaction executed on the Market. The parties do not need to confirm the transaction to the Istanbul Stock Exchange.

## **VALIDITY OF ORDERS**

**Article 13** - The orders submitted to the Market will, if not matched until closing of the Market, be deemed to have been automatically cancelled.

## **EXCHANGE ORDERS<sup>10</sup>**

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<sup>9</sup> It was amended with the Regulation published on the Official Journal dated 24.01.1997, Volume 22887. The pre-amendment text is attached.

**Article 14** - Exchange orders may be given in any one of the following forms:

- a) **Limit Orders:** Limit orders are given by specifying price/rate, transaction amount/ nominal value in multiples of a certain minimum order size. a) The non-executed part of the order remains passive in the system.
  - b) **Market Order:** In this type of orders, a price/rate is not specified. The order given in multiples of a certain minimum order size is fully or partially matched by passive orders and the non-executed part of the order is cancelled.
- a) The following orders subject to special conditions may also be given for use together with the order types listed above:
- a) **Immediate or Cancel Order:** It is an active order type subject to the condition of cancellation of the non-executed part of the order. As soon as it is entered, this order matches with the outstanding counter-orders, and its non-executed part is automatically cancelled. It may be given in the form of a Limit Order or a Market Order.
  - b) **Fill or Kill Order::** It is an active order type subject to the condition of execution in full. If this condition is not met as soon as the order is entered, the order is cancelled. It may be given in the form of a Limit Order or a Market Order.

The Executive Council of the Exchange may issue regulations concerning the Exchange orders.

## **CORRECTION OF CANCELLATION OF ORDERS BY MEMBERS THEMSELVES**

**Article 15** - The members may in any manner correct or at any time cancel their own orders, if and to the extent they are not executed.

## **CROSS TRADES**

**Article 16** - A member may match its own pending orders for certain securities or for a certain maturity, upon lapse of a period of time to be determined by the Executive Council of the Exchange, if and as long as there is no other willing buyer or seller.

## **CANCELLATION OF EXECUTED TRADES<sup>11</sup>**

**Article 17** - In addition to the provisions of article 23 of the Regulation on Istanbul Stock Exchange;

- a) The transactions executed due to the entry of a faulty order by an expert will be cancelled with the approval of the Head of the Bonds and Bills Market.
- b) The transactions executed due to a fault of a member will not be cancelled. Provided, however, an executed trading transaction may be cancelled upon the written approval of both the

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<sup>10</sup> Initially, it was amended with the Regulation published on the Official Journal dated 08.08.2000, Volume 24134, and thereafter with the Regulation published on the Official Journal dated 11.01.2005, Volume 25697, paragraph 1, subparagraph a was amended. The amended texts are attached.

<sup>11</sup> It was amended with the Regulation published on the Official Journal dated 08.08.2008, Volume 26961. The amended text is attached.

buying and the selling members and if and to the extent it is relied upon an acceptable cause subject to approval of the Head of the Bills and Bonds Market.

Following the cancellation of executed transactions as per subparagraphs (a) and (b) of the first paragraph, the respective cancellation decisions are notified to the parties to the transaction in writing, and are announced on the Exchange Bulletin published on the first business day that succeeds the cancellation.

## **TRADES REGARDING INVESTMENT FUNDS AND INVESTMENT TRUSTS**

**Article 18** - Securities to be purchased to and securities to be sold from portfolios of investment funds and investment trusts will, if relevant to the securities traded on this Market, be traded on and through this Market pursuant to the CMB legislation. Members are obliged to state clearly that their orders are given in the name of investment fund or trust. In addition to the general trading rules valid and applicable in the Market, special trading rules relating to investment funds and trusts will be regulated by the Exchange.

## **PRICES REGISTERED AT THE EXCHANGE**

**Article 19** - Prices of the securities traded on the Exchange and covered by Article 5 of this Regulation are registered at the Exchange.

However, the cross trades as defined in Article 16 of this Regulation and investment fund transactions, with a value date being the prevailing day, executed after 14:00 hrs will be executed, but their prices will not be registered at the Exchange.

## **ANNOUNCEMENT OF PRICES FORMED IN THE EXCHANGE**

**Article 20** - The prices and rates registered as a result of the trades in this Market will be displayed on the screens immediately and announced in the Exchange bulletin in the succeeding business day. The bulletins will include the lowest, highest and weighted average prices, the return on simple and compound interest rates, the trading volumes and the number of contracts registered during the session.

## **SETTLEMENT AND CLEARING OF THE EXECUTED TRADES<sup>12</sup>**

**Article 21** - The settlement of traded securities and cash payments is realized by using "the Securities Custody Accounts" and "Cash Accounts" held with the Clearing Bank, Corporation or House which handles clearing and payment operations of banks and intermediary institutions. However, the settlement center for "cash amounts" against the traded securities is the "Cash Accounts" held with the relevant branch in Istanbul of the Clearing Bank, Corporation or House which handles clearing and payment operations of members who are parties to the transaction. The payments may also be netted through mutual operation of these accounts with the accounts of banks held with the Istanbul Branch of the Central Bank. Principles.

The Executive Council of the Exchange stipulates the principles concerning settlement and clearing operations.

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<sup>12</sup> It was amended with the Regulation published on the Official Journal dated 11.01.2005, Volume 25697. The amended text is attached.

## **SPECIAL PROVISIONS ON REPO TRANSACTIONS**

**Article 22** - Within the framework of the CMB legislation, the regulations concerning the determination of the method to be applicable in determination of type, number and valuation of the securities that may be delivered against a repo transaction will be issued by the Exchange. The Exchange reserves the right to demand delivery of additional securities against probable devaluation of the delivered securities.

## **DEFAULT**

**Article 23** - If and when, at any stage of transactions in the Market, either party fails to fulfill its obligations in compliance with the pertinent provisions of the Regulation on Istanbul Stock Exchange and other regulations of the Executive Council pertaining to Clearing and Settlement Operations in the Bonds and Bills Market, that party will be deemed to be in default without any further notice Thereupon the provisions of Article 35 of the Regulation on Istanbul Stock Exchange will be applicable.

## **EXCHANGE FEE<sup>13</sup>**

**Article 24** - For the trades executed on the Bonds and Bills Market, each of the parties is separately charged with an Exchange fee based on the trade value at a rate offered by the Executive Council and approved by the Capital Markets Board. Transactions conducted by the Central Bank of the Republic of Turkey are exempt from the Exchange fee.

## **COMPUTERIZED TRADING SYSTEM<sup>14</sup>**

**Article 25** - Where the computerized trading system is needed to be used outside the principles set forth in this Regulation, the rules to be determined by the Executive Council of the Exchange will become effective upon approval by the Capital Markets Board. These rules will be presented to the next General Assembly meeting for approval, and this Regulation will be amended as needed.

## **OVER-THE-COUNTER TRANSACTIONS**

**Article 26** - Exchange Members are required to register with the Exchange the transactions of the securities listed in Article 5 of this Regulation executed outside the Bonds and Bills Market of the Exchange, under the terms and conditions determined by the Executive Council of the Exchange.

## **MARKET MEMBERS OTHER THAN EXCHANGE MEMBERS<sup>15</sup>**

**Article 27** - The Market members who are authorized to trade only in the Bonds and Bills Market are required to register any off-Exchange transaction of securities listed in Article 5 of this Regulation with the Exchange.

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<sup>13</sup> It was amended with the Regulation published on the Official Journal dated 08.08.2000, Volume 24134. The amended text is attached.

<sup>14</sup> It was amended with the Regulation published on the Official Journal dated 08.08.2000, Volume 24134. The amended text is attached.

<sup>15</sup> The heading and content of the article was amended with the Regulation published on the Official Journal dated 24.01.1997, Volume 22887. The amended text is attached.

## **EFFECTIVE DATE**

**Article 28** - This Regulation will become effective as of the date of its promulgation.

## **ENFORCEMENT**

**Article 29** - The provisions of this Regulation will be enforced by the Chairman of Istanbul Stock Exchange.

## **APPENDIX \_ Revoked Provisions**

### **1- Text prior to amendment with the Regulation published on the Official Journal dated 24.01.1997, Volume 22887:**

*“Article 1-*

*The purpose of the establishment of the Bonds and Bills Market is to foster and encourage securities circulation between banks and intermediary institutions that are a member of Istanbul Stock Exchange and to ensure that investments made by investors in securities other than stocks are priced in a competitive market environment and are converted into cash any time desired.*

### **2- Text prior to amendment with the Regulation published on the Official Journal dated 14.06.1996, Volume 22666:**

*“Article 3-*

*The Central Bank of the Republic of Turkey, banks and intermediary institutions that are a member of the Exchange, and members that have been authorized to trade temporarily can execute trades on the Bond and Bill Market. Banks and intermediary institutions willing to trade on the Market are required to sign the “Bonds and Bills Market Letter of Undertaking” that defines the general terms and the obligations of the market participants in a format prepared by Istanbul Stock Exchange and approved by the Capital Markets Board and to open a “Securities Custody Account” and a “Cash Account” in a Clearing Bank, Company or House to be designated, and to maintain a collateral equal to the trading limit the type and amount of which is to be determined by the Exchange, and to fulfill and perform all other obligations stipulated by the Exchange for the execution of transactions. Exchange members willing to execute repo – reverse repo transactions are also obliged to obtain a certificate of Authorization from the Capital Markets Board and to sign a “Repo-Reverse Repo Letter of Undertaking” in the format prepared by Istanbul Stock Exchange and approved by the Capital Markets Board.*

### **Text prior to amendment with the Regulation published on the Official Journal dated 24.01.1997, Volume 22887:**

*“REQUIREMENTS FOR PARTIES WILLING TO TRADE*

*Article 3-*

*The Central Bank of the Republic of Turkey, banks and intermediary institutions that are a member of the Exchange, and institutions that have been granted a temporary membership of the Bonds and Bills Market for a period up to a year can execute trades on the Bond and Bill Market. Institutions that are not a member of Istanbul Stock Exchange but have been authorized to execute trades in the Bond and Bill Market for a definite period and their representatives are governed by all the arrangements that bind the members and members’ representatives. Institutions that have been authorized to trade for a definite period can be re-authorized upon expiry of that period.*



*If a bank that is a member of the Exchange gains temporary membership of the Bonds and Bills Market by establishing a new intermediary institution and the said bank loses majority in the capital and/or managerial control of the intermediary institution for any reason, it shall forfeit its status as temporary member of the Bonds and Bills Market.*

*All Exchange members and temporary members willing to trade on the Market are required to sign the “Bonds and Bills Market Letter of Undertaking” that defines the general terms and the obligations of the market participants in a format prepared by Istanbul Stock Exchange and approved by the Capital Markets Board and to open a “Securities Custody Account” and a “Cash Account” in a Clearing Bank, Company or House to be designated, and to maintain a collateral equal to the trading limit the type and amount of which are to be determined by the Exchange, and to fulfill and perform all other obligations stipulated by the Exchange for the execution of transactions. Exchange members willing to execute repo – reverse repo transactions are also obliged to obtain a certificate of Authorization from the Capital Markets Board and to sign a “Repo-Reverse Repo Letter of Undertaking” in the format prepared by Istanbul Stock Exchange and approved by the Capital Markets Board.*

**3- Texts of paragraph 1 and 2 prior to amendment with the Regulation published on the Official Journal dated 11.01.2005, Volume 25697:**

*“Article 4-*

*In addition to the qualifications specified in Article 11 of the Regulation on Istanbul Stock Exchange, member representatives should have completed successfully and been awarded the certificate of "Bonds and Bills Market Seminar" organized by the Exchange.*

*The certification requirement does not apply to willing candidate members who have worked at the Capital Markets Board, the Central Bank of the Republic of Turkey and Istanbul Stock Exchange in a position requiring specialization or at higher positions with good references for a minimum period of three years, or who have worked in banks as a general manager, assistant general manager or securities manager for a minimum period of three years, or who have worked for a member intermediary institution for a period of five years and have served as a general manager for at least three years of the said period or have served as a chairman or managing member of the board of directors for at least three years, and who have worked at the Bonds and Bills Market as an Exchange member representative for a minimum period of two years before 01.09.1994.*

**4- Text of paragraph 2 prior to amendment with the Regulation published on the Official Journal dated 08.08.2000, Volume 24134:**

*“Article 6-*

*In the Market, transactions may be executed with a value date within periods of time to be determined by the Executive Council. Margin trading and short selling are forbidden irrespective of value date. The members may trade on the securities which already exist or are purchased, but not delivered yet or purchased in a Treasury auction, but not delivered yet.”*

**5- Text prior to amendment with the Regulation published on the Official Journal dated 14.06.1996, Volume 22666:**

*“Article 7-*

*Banks and intermediary institutions trading on the Market are allocated a “trading limit” which is designated by the Exchange. These limits comprised of three tranches may be reviewed and modified by the Exchange in certain intervals.*

*Banks and intermediary institutions trading on the Market may execute trades up to twenty folds the net trading limit collateral they deposit provided that the “trading limit” designated by the Exchange is not exceeded. The trading limit corresponding to the net trading limit collateral may be changed by the Presidency of the Exchange in general or on a member basis when it becomes necessary to maintain confidence in the market. However, if an additional 100% trading limit collateral is deposited, the “trading limit” can be increased up to thrice. The Executive Council of the Exchange stipulates the principles concerning trading limit collaterals.”*

**Text prior to amendment with the Regulation published on the Official Journal dated 24.01.1997, Volume 22887:**

*“Article 7-*

*Banks and intermediary institutions trading on the Market are allocated a “trading limit” which is designated by the Exchange. These limits comprised of three tranches may be reviewed and modified by the Exchange in certain intervals.*

*Banks and intermediary institutions trading on the Market may execute trades up to twenty folds the net trading limit collateral they deposit provided that the “trading limit” designated by the Exchange is not exceeded. The trading limit corresponding to the net trading limit collateral may be changed by the Presidency of the Exchange in general or on a member basis when it becomes necessary to maintain confidence in the market. However, if an additional 100% trading limit collateral is deposited, the “trading limit” can be increased up to thrice. The Executive Council of the Exchange stipulates the principles concerning trading limit collaterals.*

*Trading limit collaterals are by nature a security deposit and may, if and when the relevant Member fails to fulfill all or some of its obligations to its clients, other Exchange members and/or the Exchange in compliance with the laws and regulations applicable to the Exchange, be used by the Exchange for fulfillment of the said obligations, without any prior notice, court judgment or consent of the relevant Member.”*

**6- Text prior to amendment with the Regulation published on the Official Journal dated 11.01.2005, Volume 25697:**

*“LOT SIZE and TRADING HOURS*

*Article 8-*

*The lower limit for trades on the Market is 5 million Turkish Liras subject to the nominal value of the securities underlying the transaction. Transactions above this value can be executed in multiples of 5 million Turkish Liras. The lot size applicable to foreign-currency indexed assets is determined by the Executive Council of the Exchange. The lower limit for repo - reverse repo transactions is 50 million Turkish Liras. Transactions above this value can be executed in multiples of 50 million Turkish Liras. Lower limits are subject to change by the Executive Council of the Exchange. Separate market(s) may be established for the values remaining below or above the amounts to be determined by the Executive Council of the Exchange.*

*Market transactions can be executed between 10.00 and 17.00 hrs every day. Transactions with a value date being the prevailing day can be executed until 14.00 hrs, and other transactions until 17.00 hrs. Transaction hours can be changed by the Exchange.”*

**7- Text prior to amendment with the Regulation published on the Official Journal dated 24.01.1997, Volume 22887:**

*“Article 9-  
Institutions willing to trade on the Market notify the Bonds and Bills Market Department of the value date they want to trade, the description, nominal amount, price (in TRY 100,000 and without decimals) or rate of the security they bid or ask in the case of outright purchase and sale orders, or the starting and ending value dates, transaction amount and rate in the case of repo and reverse repo orders. Offers with respect to the composition of a denomination are fulfilled to the extent it is possible.”*

**Text prior to amendment with the Regulation published on the Official Journal dated 11.01.2005, Volume 25697:**

*“Article 9-  
Institutions willing to trade on the Market notify the Bonds and Bills Market Department of the value date they want to trade, the description, nominal amount, price or rate of the security they bid or ask in the case of outright purchase and sale orders, or the starting and ending value dates, transaction amount and rate in the case of repo and reverse repo orders.”*

**8- Text prior to amendment with the Regulation published on the Official Journal dated 24.01.1997, Volume 22887:**

*“Article 10-  
c) Priority of Client Orders: Where there is equality between orders in terms of price and time, client orders shall be matched prior to the exchange orders which exchange members place in their own name and account.”*

**Texts of paragraph 2 and paragraph 3 subparagraph b prior to amendment with the Regulation published on the Official Journal dated 11.01.2005, Volume 25697, and the text of paragraph 3 subparagraph c which was revoked:**

*“Article 10-  
From the offers and demands transmitted, the Bonds and Bills Market determines, via the computer, the highest price (the lowest rate) orders among the outright purchase orders and the lowest price (the highest rate) orders among the outright sale orders; the highest rate order among the repo orders and the lowest rate order among the reverse repo orders, and announces them to the members through information screens. Upon execution of a transaction at the best ask or bid, the subsequent pending best bid(s) or ask(s) are displayed on the screen automatically.*

*b) Time Priority: In the case of price equality, the orders entered into the system previously are matched with priority. Accordingly, in the case of price equality, time priority is relied upon. Orders that are registered to an exchange expert due to a default shall have priority of time in case of a price equality even when there are orders that have been written much before.*

*c) Priority of Client Orders: Where there is equality between orders in terms of price and time, client orders shall be matched prior to the exchange orders which Market members place in their own name and account."*

**9- Text prior to amendment with the Regulation published on the Official Journal dated 24.01.1997, Volume 22887:**

*"Article 11-*

*Members willing to match the orders displayed on the relevant screens will transmit their counter-orders to the Bonds and Bills Market Department. The orders may be matched fully or partially.*

*The names of the banks and intermediary institutions trading on the Market are not shown on the screen during the trade. Only upon completion of the trading transaction, the Istanbul Stock Exchange discloses identity of the parties to each other. Starting from that moment, the parties will be liable towards each other."*

**10- Text prior to amendment with the Regulation published on the Official Journal dated 08.08.2000, Volume 24134:**

*"Article 14-*

*Exchange orders may be given in any one of the following forms.*

- a) Divisible Order: Means orders which may be traded after being divided in amounts designated by the Executive Council of the Exchange and in multiples of such amounts.*
- b) Block Order: Means orders that may be traded as a whole.*

*The Executive Council of the Exchange may issue regulations concerning the exchange orders in the computerized trading environment."*

**Texts of paragraph 1 subparagraph a with the Regulation published on the Official Journal dated 11.01.2005, Volume 25697:**

*"Article 14-*

*a) Limit Order: Limit orders are given by specifying price/rate, TL amount/ nominal value in multiples of a certain minimum order size. The non-executed part of the order remains passive in the system."*

**11- Text prior to amendment with the Regulation published on the Official Journal dated 08.08.2008, Volume 26961:**

*"Article 17 -*

*In addition to the provisions of article 23 of the Regulation on Istanbul Stock Exchange;*  
*- Trades that take place due to a fault of an expert are cancelled with the approval of the Head of the Bonds and Bills Market Department and with a written notice to the respective members.*  
*- The transactions executed due to a fault of a member will not be cancelled. Provided, however, an executed trading transaction may be cancelled upon approval of both the buying and the selling member if and to the extent it is relied upon an acceptable cause."*

**12- Text prior to amendment with the Regulation published on the Official Journal dated 11.01.2005, Volume 25697:**

*“Article 21-*

*The settlement of traded securities and cash payments is realized by using "the Securities Custody Accounts" and "Cash Accounts" held with the Clearing Bank, Corporation or House which handles clearing and payment operations of banks and intermediary institutions. However, the settlement center for “TL amounts” against the traded securities is the "Cash Accounts" held with the relevant branch in Istanbul of the Clearing Bank, Corporation or House which handles clearing and payment operations of members who are parties to the transaction. The payments may also be netted through mutual operation of these accounts with the accounts of banks held with the Istanbul Branch of the Central Bank. Principles.*

*The Executive Council of the Exchange stipulates the principles concerning settlement and clearing operations. “*

**13- Text prior to amendment with the Regulation published on the Official Journal dated 08.08.2000, Volume 24134:**

*“Article 24-*

*In return for the trades executed in the Bonds and Bills Market, each of the parties is separately charged a fee payable to the Exchange over the trading amount at a rate which is equal to 2 percent of the brokerage fee calculated over the effective rates. This rate may be increased up to 10 folds or may be decreased in the same ratio with the approval of the CMB upon recommendation of the Executive Council taking into account the types and terms of the transactions. In the repo-reverse repo transactions, each member is considered to have executed a purchase transaction and a sale transaction and the Exchange fee is calculated accordingly.*

**14- Text prior to amendment with the Regulation published on the Official Journal dated 08.08.2000, Volume 24134:**

*“Article 25-*

*If the computerized trading system is put into practice, the rules to govern the Market shall be determined by the Executive Council of the Exchange.”*

**15- Text prior to amendment with the Regulation published on the Official Journal dated 24.01.1997, Volume 22887:**

*“OVER-THE-COUNTER TRANSACTIONS*

*Article 27 - The Exchange members who are authorized to trade only in the Bonds and Bills Market are liable to register with the Exchange any off-Exchange trading of securities covered by Article 5 of this Regulation.”*