

Istanbul Stock Exchange Regulations

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From the Capital Markets Board:

Istanbul Stock Exchange Regulations

Based on Article 11 of the Decree Law no. 91, the Capital Markets Board, through its decision no. 9/167, dated 28/02/1996, deems it appropriate, to approve albeit in modified form, the "Istanbul Stock Exchange Regulations," which are derived from the decision of the Extraordinary General Assembly held on 28/09/1994 and 27/12/1995 by said Exchange, according to paragraph 2/a of Article 15 of the same Regulations, prepared by the Istanbul Stock Exchange Executive Council, within the framework of Article 58 of the Law on the Establishment and the Principles of the Operation of Stock Exchanges, which went into effect with Resolution of the Council of Ministers no. 84/8581 dated 02.10.1984.

SECTION ONE GENERAL PROVISIONS

Objective

Article 1 – The objective of these Regulations, which were issued based on Article 11 of Decree Law no. 91 on Stock Exchanges, is to determine the principles and rules of the foundation and the operation of the Istanbul Stock Exchange, which was decided to be founded upon the approval dated 19 October 1984 of the Ministry of State and Assistant Prime Ministry.

Principles of Implementation

Article 2 – The provisions of the "Regulations on the Establishment and the Principles of the Operation of Stock Exchanges" prepared by the Capital Markets Board according to Decree Law no. 91 and put into effect upon publication in the Official Gazette no. 18537 dated 6 October 1984 of the Resolution no. 84/8581 of the Council of Ministers are considered to be the superior regulation rules and the provisions thereof are to be taken as basic principles in implementation and interpretation.

Compatibility between this regulation and the superior regulation rules is maintained by the Capital Markets Board, the regulatory and supervisory authority for Stock Exchanges.

Abbreviations

Article 3 – The following abbreviations are used in these Regulations:

- a) DL : Decree Law no. 91
- b) General Regulations : “Regulations on the Establishment and the Principles of the Operation of Stock Exchanges,” which were published in the Official Gazette no. 18537 dated 6 October 1984.
- c) Minister and Ministry :The Minister and Ministry responsible of the Capital Markets Board.
- d) CMB : Capital Markets Board
- e) Exchange (ISE) : Istanbul Stock Exchange
- f) Executive Council : Istanbul Stock Exchange Executive Council
- g) Chairman : Chairman of the Istanbul Stock Exchange

Bodies, Councils and Organizations

Article 4 – The Istanbul Stock Exchange consists of the General Assembly, Executive Council and Audit Committee, other Committees, the Chairman and the Executive Organization bound to the Chairman.

The General Assembly of the Exchange includes Exchange members and is the superior decision-making body of the Exchange.

The Executive Council consists of four members chosen by the General Assembly and a Chairman appointed through a joint decree. The Chairman of the Exchange is also the Chairman of the Executive Council.

The definitions of duties, authority and foundation and the principles of operation pertaining to the bodies and organizations of the Exchange are determined in the Regulation on the Istanbul Stock Exchange Organization, Duties and Principles of Operation.

Working Hours and Trading Hours of the Exchange

Article 5 – The Exchange operates on official workdays. The work days and ~~its~~ hours are determined by the Executive Council.

A session is defined as the time period between the beginning and end of trading on the Stock Market both of which are signaled by an authorized personnel of the Exchange. The sessions of all stocks traded on the same market begin and end at the same time.

SECTION TWO PRINCIPLES PERTAINING TO EXCHANGE MEMBERSHIP

Exchange Members, Application for Membership and Acceptance of Membership Application

Article 6 – Brokerage houses (brokerage agencies and banks) that have provided the Exchange with a license issued by the Capital Markets Board that authorizes them to conduct brokerage activities can be members. Brokerage houses that are going to trade on a market or markets on the Exchange are required to obtain an Exchange membership certificate.

In order to get the permission from the Executive Council for Exchange membership, Brokerage houses apply to the Exchange with a petition, which specifies the market and/or markets on which trading is to be conducted within the Exchange and to which the documents, showing that they have met the conditions and qualities foreseen in this Regulations, are attached, along with notarized copies of the certificates of authority obtained from the CMB.

The information and documents to be presented by the brokerage house to the Exchange must contain the signatures of the executives authorized to represent the brokerage house and must meet the prerequisites specified in these Regulations in their entirety. As a result of the assessment done by the Exchange, the Executive Council accepts the brokerage house as a member, provided that it has been determined that the brokerage house is technologically equipped and has sufficient personnel to carry out trading on the markets, and has paid up guarantees, insurance and entrance fees.

Members can trade within the framework of principles specified in the relevant Regulations for each market established within the Exchange, provided that they have received permission from the Executive Council.

In case those brokerage houses, which have received Exchange permission with respect to conducting trading on any market, want to trade later on the other markets, or brokerage houses, whose trading activities have been temporarily stop and which now want to begin trading again shall apply to the Exchange with a petition containing the related documents specified in paragraph 3.

Exchange Membership Certificate

Article 7 – An Exchange Membership Certificate is issued to members whose Exchange membership application has been approved by the Executive Council. The Exchange Membership Certificate indicates the market on which the member is authorized to trade as well as other information foreseen by the Exchange.

The Exchange Membership Certificate is filed with the Commercial Registry and announced in at least two national newspapers and in the bulletins issued by the Exchange within 15 days after the issuance of the Certificate. Any changes or

additions to this Certificate must be registered and announced in the same way. Those without the Exchange Membership Certificate shall not use any word or statement in their commercial titles or advertisements implying that they are trading on the Exchange.

In the event that the Exchange Membership Certificate is completely annulled, or only those parts concerning one or more markets is rescinded, the circumstance is registered and announced according to the form and principles specified in paragraph two above. If the activity of a member is temporarily halted in one or more markets for more than five workdays, this situation is announced, according to the form and principles specified in paragraph two above, this is not filed with the Commercial Registry. The expenses involved in registration and announcement as per this paragraph, are met by the relevant member.

Reporting (of) Changes to the Exchange

Article 8 – After receiving their membership certificates, exchange members are required to immediately notify the Exchange, regarding any changes in matters specified in the Regulations issued for each market as well as any changes in members of the Board of Directors, auditors and executive personnel along with personnel authorized for signature on the date of the changes.

The banks are obliged to report to the Exchange within the same period any changes indicated in paragraph one that are pertinent to units engaged in activities at the Exchange.

The period and the form according to which the information and documents specified in paragraphs one and two are to be sent to the Exchange are determined by the Executive Council.

Liabilities of the Members

Article 9 – Exchange members are obliged to conform to the principles and rules contained in the Exchange Regulations and the relevant legislation, especially regarding the following provisions:

- a) To show good will and to act honestly towards its customers and other members, and to conform to legislation, the Exchange order and discipline.
- b) To conform to the insurance and other arrangements foreseen by the Exchange, both general and special guarantees covering any legal and financial obligations that could arise vis-à-vis customers and other third parties.
- c) To deposit the guarantee foreseen in these Regulations and relevant Regulations, and in case it is decided to increase this guarantee or in the case that the guarantee becomes insufficient, to cover the increase or shortage.

- d) To pay the membership admission fee, annual membership fee, Exchange share, as well as other fees and financial liabilities within the period foreseen in related Regulations.
- e) To report immediately to the Exchange any changes thought to be important pertaining to the partnership, administrative structure and financial condition.
- f) To permit that the accounts and transactions regarding trading at the exchange can be inspected by the Exchange and to provide all kinds of means and assistance to the inspectors. To present any kind(s) of documents and information requested by the Exchange personnel.
- g) Within the periods arranged for in the Regulations and (in) the related legislation to submit to the Exchange one copy of each annual report, together with the financial tables and independent audit reports regarding the Exchange tradings.
- h) To keep the books and records foreseen in the Regulations and (in) the related legislation; to keep the other records and books and to prepare documents resolved by the Board of Directors.

Representation of Members

Article 10 – By preparing certificates of authority which include the notarized power of attorney regarding the institution, the members notify the Exchange the names of the persons who are to represent them at the Exchange.

Qualifications of the Member Representatives and of their Assistants

Article 11 – Representatives, and their assistants, of exchange members, in addition to meeting the provisions laid out in Article 11 of the General Regulations, must be minimum graduates of a four-year college or university, , and at the conclusion of an investigation to be conducted by the Exchange, it must be accepted that they have sufficient experience, knowledge and ethics. Provisional authorization can be provided by the Exchange Chairman for the member representatives to begin work until this investigation has been concluded or under obligatory circumstances.

Besides Member representatives must meet the special provisions foreseen in the relevant Regulations in order to trade in each market.

The determination of whether or not the assistants of the representatives have the qualifications specified in the Regulations, the issuing the title of assistant representative to the qualified, and the methods and the period for the assistants can promote to the position of representative are determined by the Executive Council.

In case it is determined that the assistant representatives do not meet the necessary qualifications or that afterwards problems arise as to their ability to

carry out their duties, their title of representative or assistant representative is annulled.

The member representative is the person who can represent an Exchange member in exchange trade and/or settlement and custody transactions and has the power for notification and signature on behalf of the exchange member.

The assistant representative is the person, who assists the member representative in trading but who does not have no power of signature.

The Executive Council takes necessary measures in order to distinguish between the representative and his assistants.

Membership Admission Fee, Membership Guarantee, Guarantee Types, and Return of Guarantees

Article 12 – Within one month from the time of notification the brokerage houses receive where it is stated that they are accepted as member of the Exchange and prior to being given the membership certificate, the Brokerage houses must:

- a) Pay the membership admission fee,
- b) Deposit the membership guarantee in the name of the Exchange so as to cover any losses that they may bring to other Exchange members, the Exchange and their customers,
- c) Deposit the market guarantees as indicated in the Regulations of whatever relevant market in which they are active.

The amounts of the guarantees and the fees to be deposited are determined by the Executive Council, and come into effect upon the approval of the CMB.

The membership applications of brokerage houses, which do not meet said liabilities on time are not processed.

Those, whose memberships were cancelled as per Articles 14 and 15 of these Regulations and whose memberships are re-approved, do not have to pay the membership admission fee.

Taking into consideration the volume of trading, types of activities, financial condition and risk elements, the Executive Council may mandatory increase the deposit of guarantees in regards to those specified in the relevant Regulations, provided that it is not ten times higher than the amount specified in the related Regulations. In order to meet all kinds of debt and commitments arising from their brokerage activities on the market and other markets, exchange members are required to deposit on time the guarantees specified by the Executive Council, and are to take the required measures in regards to these issues.

Types of guarantees:

- a) Cash
- b) Bank letter of guarantee containing sightless, unconditional payment commitment
- c) State bonds
- d) Treasury bonds and foreign currency freely purchased by the Central Bank of Turkey to be specified by the Executive Council

After receiving the Exchange membership certificate, in case it becomes necessary to raise or complete the membership guarantee, the membership of the brokerage house, which does not deposit the additional guarantee within the period specified by the Executive Council, will be suspended and the member cannot trade on the Exchange until the said liability is completed. Guarantees are deposited at the Central Bank of Turkey and its branches, or where such this bank is not available then at a bank determined as correspondent.

The membership guarantees of the brokerage houses leaving the membership based on Article 14 of these Regulations, or having their membership cancelled according to Articles 15 or 53 of the same Regulations may be returned upon the resolution Executive Council following the evaluation of the below mentioned conditions.

In the event that, until the date the decision is taken to cancel the membership of the brokerage house, there is no unconcluded dispute application on the Exchange against the brokerage house, whose membership was cancelled; that the brokerage house has no obligations against the Exchange or Settlement Center; and that the announcement, which includes also the statement that the customers which applied to court because of the disputes arising out of the Exchange trades have to notify the Exchange through a marginal note taken from the courts in regards to the suits opened latest within three months, regarding the brokerage house abandoning its membership or whose membership has been cancelled, within three months following the execution as per Article 7 of these Regulations the Exchange is not notified that there is no case is heard arising from trading on the Exchange, the existing guarantees of the brokerage house at the Exchange is returned upon application with a request letter, to which the notarized resolution of the Executive Council stating there are no suits opened against the company because of an Exchange dispute is added.

In case it is determined that a dispute has occurred prior to the end of the Exchange membership exists and the examination is continuing within the scope of the procedure of dispute, the guarantee is blocked for the amount of the dispute and the rest is returned. If prior to the end of the membership, a dispute arising out of Exchange trading is being reviewed by the courts is notified to the Exchange and in case an injunction taken by the court is presented, an amount of the guarantee covering the sum mentioned in the court decision, or otherwise the amount covering the whole dispute is to be blocked from the guarantee, with the rest is returned.

Members whose membership continues but whose authority is cancelled in one or more markets, after deducting their liabilities to the Exchange or Settlement Center and the amounts of the dispute and case, shall have the remaining of their guarantees established in order to be able to trade in the said markets returned in case of request.

Compensating Losses

Article 13 - In the event that Exchange members cause losses to their customers, other members or the Exchange and are unable to recoup them, upon the written requests of the right owners the Executive Council ensures that payment is made from the guarantee to those who have sustained losses based on the results of an investigation carried out by the Exchange.

Discontinuing Membership

Article 14 – An Exchange member who wishes to discontinue membership is required to notify this request in writing to the Exchange.

Membership Suspension

Article 15 – In case an Exchange member fails to continue to meet the conditions foreseen for membership as laid out in Article 6 of these Regulations, they can be suspended from membership through the resolution of the Executive Council until the said conditions are reestablished.

The Books and Records to be kept by Members

Article 16 – In addition to the books that Exchange members are required to keep by law, they are obliged to keep other such books and records, and to arrange documents according to appropriate methods as decided upon by the Executive Council.

The following information is recorded in the “Exchange Trading Book” indicated in Article 57 of the General Regulations:

- a) Trading requests to the Exchange made by the members on behalf of their customers.
- b) Orders carried out on the Exchange.
- c) Information pertaining to orders carried out.
- d) Commission, expenditure equivalents and other income obtained from Exchange trading.

When adding this information to the Exchange Trading Book, members can categorize it according to business requirements.

Records made to the Exchange Trading Book are recorded within three workdays following the day of the trading. The book can be either in bound or loose-leaf

form. If the member has the trading book provided by the Exchange signed by officials, he does not need to keep a separate Exchange Trading Book.

The books kept according to these Regulations have consecutive numbers and are approved by the Exchange prior to use.

Those who can enter the Exchange Building

Article 17 – The following persons can enter the Exchange building:

- a) Exchange members and their representatives
- b) Exchange member representatives and their assistants and service personnel, the number of which is to be determined by the Exchange Administration
- c) Exchange personnel, those who have the right to participate in the General Assembly, as specified in Article 17 of the General Regulations, and other public officers who are related to the Exchange.

Exchange members, their representatives, assistants and their service personnel must get a member duty card. Duty cards are prepared separately according to each work category.

Visitors cannot enter the trading hall. They can speak with Exchange personnel, members, representatives, assistants and service personnel in areas designated by the Exchange Administration. In addition, they can get permission from the officer commissioned by the Exchange Chairman to observe trading, provided that they do not enter the trading hall. Temporary entrance cards are issued to visitors.

Everyone who enters the Exchange is required to wear the duty card, entrance card or identity card on his collar in a clearly visible manner.

The Exchange Administration can limit entrance to certain sections of the exchange building.

The work entrance and exit of the Exchange is announced to members and personnel with a circular.

SECTION THREE

PRINCIPLES PERTAINING TO THE LISTING OF STOCKS INTO THE EXCHANGE, FORMATION OF MARKETS AT THE EXCHANGE, STOCKS TO BE TRADED AND TYPES OF TRADING

Principles pertaining to the Listing of Stocks into the Exchange and their Trading at the Exchange

Article 18 – The arrangements regarding the listing and de-listing of stocks at the Exchange, the opening of markets on the Exchange, and other related

issues are to be determined by the Istanbul Stock Exchange Listing Regulations.

In the even of extraordinary situations arising from the conditions of markets operating within the structure of the Exchange or from the functioning of trading systems therein, for the purpose of maintaining trading the Exchange Chairmanship is authorized to make and to implement temporary changes in the trading principles of the stocks specified within the scope of the related market, .

Trading of Stocks

Article 19 – The methods and rules to be applied at the markets in which stocks are going to be traded at the Exchange are designated in the ISE Stock Market Regulation.

Bonds and Bills Trading

Article 20 – The methods and rules to be applied at the markets, where the purchase and sale of bonds and bills and other debt securities, and Repo-Reverse Repo are to be realized, are foreseen in the ISE Bonds and Bills Market Regulation.

Futures and Options Trading

Article 21 – In case legal arrangements are made regarding the subject, the methods and rules to be applied at the markets where the futures and options trading of the securities at the Exchange are to be specified in the ISE Derivatives Market Regulation.

Recording the Trading at the Exchange Register

Article 22 – The prices and trading volume of the stocks traded at the Exchange are recorded at the Exchange register. For different markets, the conditions for recording trading are specified in the Regulations of the relevant market.

Cancellation of Orders and Trading

Article 23 – In the event that the conditions below exist, upon the application of two or more Exchange members or at his own discretion, the Chairman of the Exchange may cancel the orders outstanding and/or trading performed on the basis of member and/or stocks within a specific time or with no regard to a specific time.

- a) In case of breakdown of the IT system
- b) In case the realized trading is the consequence of an erroneous order of at least one of the members
- c) In case it is determined that any of the conditions specified in Article 24 and forbidden in the formation of artificial prices and market

- d) In case of other material conditions that would halt the trading of stocks of members arise.

The cancellation decisions are announced in the Exchange Bulletin that appears on the first working day following the day of the decision and at the Exchange.

If subjects indicated in paragraph c are determined, a disciplinary investigation is initiated against the related member or members. The related member or members shall compensate any loss that emerges in this regard.

Artificial Price and Market

Article 24 – Members cannot engage in the below activities with the aim of forming an artificial market:

- a) With the aim of creating an unreal and active market for a stock, when in fact this is not the case:
- Conducting a series of purchases and sales that have in fact no impact on the ownership of the stocks
 - Issuing an order misleading the market with respect to price and amount
- b) Conducting a series of trading, alone or with others, with the intent of misleading the other members to trade a particular stock:
- By creating the impression that there is an active market for the stock
 - By causing an artificial increase or decrease in the price of the stock.
- c) By disseminating or causing to be disseminated untrue information that there is or will be an active market for a stock, which will result in an increase or decrease in its price, to encourage the purchase or sale.
- d) Knowingly disseminating untrue or misleading information about a stock in order to encourage the purchase or sale of other securities.
- e) For the purpose of misleading the market, to perform a series of purchase and sale trading by agreeing with one or more persons, directly or indirectly, to support a stock so as to support, fix or stabilize the price of a stock.
- f) For the purpose of misleading the market, to engage in untrue verbal or written declarations, activities or behaviors which cause misleading or false impressions.

Temporary Halt of the Trading of a Stock

Article 25 – The Exchange Chairman may temporarily halt the session of a particular stock in the event of one the following conditions:

- a) In case an important information pertaining to a stock or an institution issuing the stock, the announcement of which could affect the decisions of the investors, has been received and the Exchange Administration deems it necessary that the Exchange members and investors shall be informed in this regard within the session.
- b) In case an order has been received by the Exchange at an abnormal price and/or amount to buy or sell, or some other elements have occurred, which could have a negative impact on the formation of a healthy market for a stock.

The Exchange Chairman may halt exchange trading of a stock for a maximum of 7 days. The Executive Council may decide for periods exceeding 7 days.

In the event that the trading of a stock is temporarily halted, this event, along with its justifications, is announced in the bulletin of the Exchange and at the Exchange.

Temporary Closing of the Exchange

Article 26 – In the event of extraordinary negative developments, the Exchange Chairman is authorized to close the Exchange for up to three days.

Upon the request of the Exchange Executive Council, the CMB may temporarily close the Exchange up to 15 days; upon the request of CMB, the Minister may temporarily close it for up to one month.

The Council of Ministers has the right to temporarily close the Exchange for a period more than one month upon the request of the Ministry.

The personnel who will intervene at any sudden and abnormal price fluctuations that may occur on the Exchange, along with the principles pertaining to the announcement of the reasons for and the length of time of closure, and the time of reopening of the Exchange to the public are to be determined by the Exchange Executive Council.

Markets Formed at the Exchange and Obligation of Trading on the Exchange

Article 27 – a -The markets formed at the Exchange: For stocks listed at the Exchange, stock market, bond market and other securities markets can be formed through the resolution of the Executive Council.

Upon the decision of the Executive Council of the Exchange, if necessary, markets can be formed for securities not listed at the Exchange.

Markets formed and the types of stocks to be traded here shall be announced in the Exchange Bulletin.

The markets may be abolished as per the method, by which they were formed.

b- Trading Obligation at the Exchange: Purchasing and Sale orders pertaining to the stocks performed on the Exchange must be submitted to the Exchange. However, upon the proposal of the Exchange, the CMB may give permission for trading to be conducted outside the Exchange, by making the necessary arrangements.

Provided no exceptions have been made to the execution of trading on the Exchange, the Exchange members must bring all orders pertaining to trade to be executed for their customers and their own portfolios to the Exchange.

SECTION FOUR CUSTOMER ORDERS, PAYMENT OF THE PURCHASE PRICE OF STOCKS AND THE DELIVERY OF STOCKS

The Form of Submitting Customer Orders

Article 28 – Those who wish to buy or sell stocks at the Exchange communicate this through buy or sell orders to the Exchange members. Orders for buy and sell shall be in writing. However, the Exchange members, if they wish, can accept orders given over the telephone or orally. These directives are recorded by the member or his representative on lists the form of which is determined and prepared by the Exchange and which follows sequential numbers and the record number and code of the order is immediately advised to the customer.

Orders given in the form indicated in paragraph 1 to the branches of the Exchange members are also deemed to have been given to the members.

Members may partially or wholly reject the orders. However, although there is no obligation for justification, the fact of such a rejection is immediately reported to the customers or their representatives.

The customer giving the order may change or withdraw it prior its submittance to the Exchange.

Information to be found on the Customer Orders

Article 29 – The minimum information required on customer orders is as follows:

- a) Name, surname or title of the Exchange member to whom the order is submitted
- b) Name, surname or title and address of the person giving the order

- c) The type of order (buy or sell)
- d) Type, amount, and if available, the nominal value, of the stock to be bought or sold
- e) Whether the price of the order is limited or free
- f) The limit price for limit orders
- g) Period of validity of the order, if any
- h) Place, date, hour and minute the order is given
- i) Whether, after the order has been received by the exchange member, the order is to be submitted at the first session or at a session the member shall deem appropriate within the validity period
- j) Customer order number

Customer orders must be prepared in at least two copies, one to be given to the customer.

Excluding the oral order specified in paragraph one of Article 28, the customer orders not containing the above information are not processed.

The price on the customer orders are given with the prices with which the trading can be executed at the market indicated in the relevant market regulations.

Forms of Price Determination on Customer Orders

Article 30 – The customers either may indicate the purchase or sale price on the orders given to the Exchange members, or may leave the price to the member.

The purchase or sale prices on the customer orders may be determined either as “limit price” or “free price.” Other forms of price determinations may be arranged upon the proposal of the Executive Council and the approval of the CMB.

- a) In the limit customer order, the buyer giving the order determines the highest price he is willing to accept for the transaction to be realized and the seller the lowest price he is willing to sell. “Limit price” is the term used for prices specified in this manner. If the price formed at the Exchange is lower or equal to the limit price on buy orders, or is higher or equal to the limit price on sell orders, the purchase or sale is executed at the price formed at the Exchange.
- b) If the customer wishes that the Exchange member determines the price on the order, then he gives an this order bearing the “free-price” statement. The Exchange member receiving this type of order pays close attention to the benefit of the customer.

Validity Period in Customer Orders

Article 31 – The customer may determine the validity period of his order as he wishes.

If the order is not executed within the period determined, the validity of the orders expires.

If orders are given without validity period during a session, then they are valid for the duration of that session or day, otherwise, they are valid for the first session following the order.

Liabilities of the Customers Prior to Sending an Order to the Exchange

Article 32 – The Exchange members can demand the following as a precondition for submitting the customer orders to the Exchange: a down payment or guarantee or payment in exchange for a receipt for the total amount of the value of the stock from customers giving a buy order; from those who give a sell order, the delivery of the stocks and/or documents representing such stocks in exchange for a delivery receipt to themselves or their representatives.

In the event that trading is not executed, the down payment, amount collected in cash or stocks or the representative documents are returned to the customer latest within one workday. When trading is executed, the down payment or amount collected in cash is deducted from the sell amount.

Settlement of Stocks Exchange Trading

Article 33 – The means and rules to execute the commitments arising out of the trading of stocks on the Exchange are laid out in the Istanbul Stock Exchange Settlement and Custody Centers Regulations.

Guarantee Fund

Article 34 – The Exchange Executive Council may decide to establish a guarantee fund with the resources of the Exchange for the purpose of preventing delays in settlement trading. The Guarantee Fund may be established for markets opened at the Exchange at different times and on the basis of different principles. The Executive Council is authorized to determine the principles of the fund resources and their use, as well as its administration through a set of regulations.

The Members Executing the Purchase and Sale Commitments and Default

Article 35 – The purchase and sale of stock on the Exchanges is conducted with Turkish Liras based on the principle of cash payment. The principle of cash payment means that purchase and sales transactions are finalized on the day they are made on the Exchange and the payment of the amount and its delivery is executed in the period and manner specified in these Regulations and those of the relevant markets. Within the framework of the relevant regulations, the

Executive Council may decide that trading be paid in foreign currency and employ transactions besides cash payment.

The liability of the member, who is in the position of seller of a stock, is to deliver the sold stock or the representative documents or by calculation delivery orders to the Settlement Center according to the conditions clearly specified in the Regulations or the relevant market regulations and collecting their amounts; the liability of the member, who is in the position of buyer of a stock, is to pay amount of the stock purchased according to the conditions of these Regulations to the Settlement Center and to take delivery of the stock or their representative documents.

The mutual liabilities of the members in regards to the finalized purchases and sales are realized within the period following the finalization of the trading and within the period of time determined by the Executive Council. In the event that members do not meet their liabilities within these periods, an interest is collected, which is calculated from the interest rate equaling the multiple, which is determined by the Executive Council and approved by the CMB for each market, of the largest weighted average overnight interest rate arising at the ISE Repo-Reverse Repo market or the Central Bank of Turkey Interbank Money Market, by taking the total Exchange values or cash loan, which are calculated from the the weighted average price calculated at the day of trading of the defaulted stocks at delivery comprising the period from the date at which the default occurs until the date at which the liability is met. The defaulted member is granted a period of time by the Exchange Chairmanship in order to end its default condition. At the end of this period, the stocks of said transaction are bought or sold at the account of the Exchange. The Executive Council determines the principles of the methods of on account purchase and sale, and the principles of the collection and distribution of the defaults.

If the results of the purchase or sale executed in this manner are better than the purchase or sale not been successfully executed, no further procedure is necessary; if, however, the transaction is executed under worse conditions than the previous trading, the member who has not met his liabilities must pay the difference to the Settlement Center. If it is not possible to purchase or buy the said stocks and/or the payments, such as capital, value differences and default interests to which the member is liable, are not realized, then the money that is required to be paid is deducted from the guarantee that the member deposited with the Exchange on account of the Exchange. The provisions of Article 53 of these Regulations are applied to the defaulted member, whose defense is obtained from the Exchange Chairmanship, through a resolution of Executive Council. The defense of the defaulted member is obtained within a period determined by the Exchange Chairmanship, which shall be not less than three days. A member who has not provided a written defense within this period without acceptable justification is considered to have abandoned his right to defense.

Deposit

Article 36 – If deemed necessary, the Exchange Chairman may request that an amount be deposited the Exchange or to a bank comprising, in case of buy

orders, the amount of a total based on the proposed price or, in case of sell orders, a part or the whole of the value of stocks of sale.

In the event that the trading is not executed, the deposit amount is returned to its owner. In cases of execution:

In buy orders: The deposited money is deducted from the amount of the stock purchased. If the stock value is less than the deposit, the difference is returned to the depositor. If the stock value is greater than the deposit, the buying member makes up the difference.

In sell orders: the sold stocks are delivered to the member by collecting its amount. The collected amount is paid to the seller member. If not all of the stock, which are deposited, is not sold, that part which is sold is subject to the same procedure, the remaining part is returned to the seller member. If the deposited part does not meet the cost of the sold part, the seller member is requested to make up the difference.

Executing the Mutual Liabilities of Members and Customers

Article 37 – In case the sell orders given to Exchange members are not completed on time, stock or their representative documents delivered by the customers giving the orders, from the date of the notification of the situation, can either be taken back from the related member by the customer giving the order or can be send to any requested place by taking the necessary precautions and expenses to be met by the customer giving the order.

If buy orders are not completed according to the provisions of paragraph 1, the relevant member immediately returns whatever deposit there may be to the person who gave the order or sends it to wherever it is requested. In the event that while depositing the money, an order is not completed, if the places to which the money is to be sent are known, on the first day after the situation becomes definite, the deposit is sent to the indicated place by bank or postal transfer. The expenses incurred for this are to be met by the customer.

When an order is not completed on time, and in case the Executive Council determines that a member is at fault, the loss incurred by the customer is determined by the Executive Council and the related Exchange member is requested in writing to compensate within three working days. If the Exchange member does not pay the compensation, it is met from the guarantee he had deposited.

Liquidation of Executed Sell Orders

Article 38 – If the stocks or their representative documents, sold on the Exchange by members have previously been delivered by the customer, after deducting the “brokerage fee” and other expenses from the money collected as the amount of these stocks, sends or gives the customer a notification, whose from and content

is determined by the Exchange Administration, on the first workday following the day the amount of the stocks was collected.

The credit of the customer is immediately paid upon his application or is sent by a bank or postal transfer to wherever the customer wishes, the expenses to be met by the customer .

If the order is only partially executed, the unsold stocks are subject to the procedure indicated in paragraph one of Article 37.

If the stock or their representative documents have not previously been delivered by the customer, upon the notice of the member, the stock or the representative documents, are delivered and the procedures for the payment of its amount are completed.

The member can recover from the customer any expenses or compensation that may be incurred by the member because of any disputes that may arise in the future regarding the sold stocks or their representative documents.

Liquidation of Completed Purchase Orders

Article 39 –After having executed the buy orders for his customers on the Exchange, the Exchange member sends a notification, whose form and content are determined by the Exchange Administration, to the customer until the end of the following workday. By applying within the first workday after having received the notification, provided that there is no other written agreement between them, the customer receives the stock after having paid all the amounts of the bought stocks, the “brokerage fee” and the expenses. If a deposit had been taken during the giving of the order, the deposit is deducted from the stock amount and the related expenses.

In case the order is partially executed, if some of the deposit is left over after deducting against the stock amount, the difference is immediately and directly paid to the customer, or is sent via a bank or postal transfer to a place indicated by the customer, expenses to be met by customer.

In case the customer does not apply to receive the purchased stocks or their representative documents within the period of time indicated in the notice sent to him, without the need for an additional notice, the Exchange member can either purchase those stocks for his own portfolio or sell them on the Exchange. If sale is made on the Exchange, the loss incurred from this sale or the absence of sale belongs to the customer not meeting his liability, while the gain belongs to the member. If a loss occurs, the loss is deducted from the deposit of the customer, if any. If the deposit is insufficient, the loss is collected from the customer.

Upon the request of the Exchange members, the Executive Council may take a boycott resolution against real or legal person customers who repeat the act of failing to meet their commitments. The Exchange orders of persons thus boycotted will under no circumstance be accepted by an Exchange member.

The name or title of the boycotted real or legal persons are added to a list and announced in areas at the Exchange reserved for that purpose and every boycott decision is notified to all members.

“Brokerage Fee”

Article 40 – According to the principles specified within the framework of pertinent regulations Exchange members receive a “Brokerage fee” from their customers.

Payment of Exchange Fees

Article 41 – The fees the members have to pay to the Exchange and their collection period and form are determined by the Exchange Executive Council and finalized through the approval by the CMB. Fees that have to be paid to the Exchange are debited at a current account for each member and they are liquidated when the members realize their payment within the indicated period. The balance of the current account not liquidated by the member on time is collected from its guarantee.

SECTION FIVE DISPUTES AND DISCIPLINE

Resolution of Disputes

Article 42 – Disputes arising between Exchange members or Exchange members and their customers in regards to Exchange trading are resolved through the methods and principles specified by these Regulations.

Authority

Article 43 – The Executive Council is authorized in the resolution of disputes brought to the Exchange; the Dispute Committee assists the Executive Council in this regard.

Objections to the resolutions of the Executive Council can be made to the CMB. The resolutions taken by the CMB in regards to the resolution of conflicts are decisive. The administrative judiciary may be applied against these decisions.

The Resolution Place of Disputes

Article 44 – Disputes arising between Exchange members must be resolved at the Exchange.

In the event that application is made, the disputes between customers and Exchange members are resolved at the Exchange.

The parties reserve the right to recourse to judicial authorities.

When the parties resort to judicial channels, trading on the Exchange is halted until a verdict has been obtained from the court.

When application to the courts is made, the Exchange member must inform the Exchange within three days of having learned the situation and he is also obliged to present the final resolution within the same period of time.

Application

Article 45 – In cases of a dispute, a petition is submitted to the Exchange Chairmanship for a resolution to be reached administratively.

In the petition, whose form is determined by the Executive Council, the following is attached: the names and addresses of the parties concerned, the subject of the dispute, the financial incidents, legal justifications, confirming evidence; in case the dispute is between a customer and a member, the customer attaches the order number or receipt provided to the customer by the Exchange member and the last written request and the related documents to the petition.

Investigation and Resolution

Article 46 – Within latest three days of receiving a petition regarding the resolution a dispute, the Exchange Chairmanship communicates the opposite party in order to receive its response with a copy of the petition or the request summary prepared by the Committee report. A response is to be sent within five workdays. Upon receipt of the response or after this period is over, the file is sent to the Dispute Committee for investigation, or if it is believed that the case is clear enough for a decision to be reached, the Chairmanship provides that the file is discussed at the first Executive Council meeting and that a resolution is taken.

Within ten days of the parties being communicated of the resolution of the Executive Council, objection can be made to CMB via the Exchange. The CMB takes its resolution regarding the objections within latest 7 workdays. The decision of the CMB is final.

Dispute Committee and Its Duties

Article 47 – The Dispute Committee assists the Executive Council in investigating and resolving disputes.

According to the General Regulations, a Dispute Committee is formed from the candidates nominated by the General Assembly, which consists of a chairman and two members selected by the Executive Council, their terms of duty are two years for each.

The Committee meets with at least two members present. At least two affirmative votes are needed for a resolution. Abstentions are not permitted. The member using the opposing vote must indicate in the resolution his justifications for his opinion.

The Committee is authorized to conduct all kinds of investigation, to listen to the parties and witnesses, and to request from the Exchange Chairmanship the appointment of an expert, and after having completed the necessary investigation, it

presents its views pertaining to the way it arrived at a resolution of the dispute, together with the documents that make up its basis, in writing to the Exchange Chairmanship.

The Committee conducts its business as a council at the Exchange Chairmanship. The Council Chairman is authorized to oversee and is responsible for the Council's activities and the division of labor between its members.

The Exchange Legal Affairs Director acts as the reporter of the Committee.

Reconciliation and Withdrawing the Complaint

Article 48 – It is always possible for the parties of the dispute to reconcile even after the subject of the dispute is notified to the Exchange.

If the parties reconcile, they must immediately inform the Exchange Chairmanship.

The complaining party can waive his request, either fully or partially, at any stage in the investigation.

In these cases, the Executive Council decides to remove the dispute file from further consideration. A dispute that has been waived cannot be the subject of complaint again.

Communiqués and Dispute Records

Article 49 – Resolutions reached in cases of dispute are communicated by sending them to the addresses indicated on the petition signed by the parties by registered return mail or through a protocol by personal delivery against signature.

On the Exchange, a book is kept for the recording of the subjects of dispute, the parties, resolutions taken and the copies of resolutions are regularly kept in a special file according to years.

Files pertaining to disputes must be kept for a minimum of five years at the Exchange.

Sanctions to be imposed on Exchange Personnel

Article 50 – The rules concerning the disciplinary rules to be imposed on Exchange members are set out in the Istanbul Stock Exchange Personnel Regulations.

Sanctions to be imposed on the Exchange Members and their Representatives

Article 51 – Depending on the quality, nature and importance of the situation and act, such disciplinary sanctions as listed in Article 52 shall be imposed on those Exchange members and their representatives, who are found to have been involved in undermining the order and integrity of the Exchange or fraudulent practices on the Exchange; violating the decisions taken for an open, orderly and honest operation of

Exchange affairs; and those who have been determined to behave in ways that are contrary to the provisions of the Exchange Regulations.

Types Disciplinary Penalties

Article 52 – The disciplinary penalties to be imposed on Exchange members and/or member representatives are the following:

- a) **Warning:** A written statement informing the relevant person to the effect that he must be more careful and pay more attention to his liabilities and behavior.
- b) **Reproach:** A written statement informing the relevant person to the effect that he has been at fault in carrying out his liabilities and in his behavior.
- c) **Fine:** The amount the responsible persons must pay within five workdays from the date a notification of final decision has been communicated.
- d) **Temporary Removal of Exchange Membership and/or Member Representation:** This penalty involves the temporary removal of the membership title of the Exchange member in question by the Exchange Executive Council, for a period of up to three months, to be determined according to the nature and severity of the act, thus removing his right to execute, directly or indirectly, trading and settlement transactions at one or more markets.
- e) **Permanent Removal of Exchange Membership or Member Representation:** This involves the permanent removal of the title of Exchange membership or member representative, to never be given back.

Acts and Activities Requiring Disciplinary Penalties

Article 53 – The following activities and behavior are grounds for the imposition of the penalties contained in Article 52:

a- Warning:

- 1- Showing lack of concern and carelessness in exercising the specified procedures and principles at the Exchange.
- 2- Showing lack of concern or failure in carrying out membership duties and responsibilities.
- 3- Acting against the order and traditions of the profession.
- 4- Using language that damages the image of or shows disrespect to the Exchange.
- 5- Not demonstrating the necessary attention and care to the Exchange and customer orders.
- 6- Behaving discourteously in relations with customers and Exchange officers.

b- Reproach

- 1- Being at fault in carrying out the specified Exchange procedures and principles.
- 2- Due to inadequate supervision causing the misappropriation or corruption of a member representative or other personnel.
- 3- Publicizing untrue statements that have the effect of tarnishing the reputation of the Exchange.
- 4- Undermining the working order of the Exchange.
- 5- Mistreating or unjustly accusing those people with whom he enjoys in a professional relationship.
- 6- Behaving in such a way as to undermine the honor, respect and confidence required by the profession of the Exchange member.
- 7- Incorrect behavior in carrying out the orders of the Exchange and customers.

After the member has received a warning penalty, in case the member performs a new act, which necessitates the same penalty, within the period determined in these Regulations in order to erase the penalties from the register, a reproach penalty is imposed on the related person.

c- Fines

- 1- Intentional violation of the procedures and principles of the Exchange.
- 2- Non performance of commitments against the Exchange, the Settlement Center, other members and customers on time and in full.
- 3- Not keeping, or keeping inappropriately, the books and records specified in Article 57 of the General Regulations.
- 4- Not permitting the authorized officers of the Exchange to examine accounts and trading pertaining to Exchange affairs; not facilitating or assisting them in their duties.
- 5- Not following the orders of the Exchange and customers on purpose.

The Exchange Executive Council can decide to impose graduated fines in cases where liabilities towards the Settlement Center are not met. In this case, the Executive Council announces firstly members through a circular in regards to the implementation method.

Once members have received a reproach, if they commit another similar offense requiring the same penalty within the time given in the Regulations for the record of the offense to be erased, a fine is imposed.

d- Temporary Removal from Exchange Membership and/or Member Representation

- 1- Orally, or in writing, attacking, cursing, threatening, or insulting Exchange members, their representatives or Exchange personnel.
- 2- Concealing documents belonging to the Exchange for the sole purpose of placing Exchange members and Exchange officials in a difficult situation or of covering up his own mistakes.
- 3- Engaging in activity to form an artificial market or prices directed towards Exchange trading.

After a fine is imposed on a member or after the fine of the last phase of the gradual fine (imposed because of repetition) has been imposed, if within the time given in the Regulations for record of offense to be removed he repeats an offense requiring the same penalty the person is temporarily removed from Exchange membership.

e- Permanent Removal from Exchange Membership and/or Member Representative

- 1- Revealing information or documents that the General Assembly of Executive Council has decided should remain confidential.
- 2- Falsifying or destroying documents belonging to the Exchange in order to put Exchange members and Exchange officers in a difficult situation or in order to conceal his own mistake.
- 3- Being found guilty of disgraceful crimes such as theft, swindling, fraud, deception or fraudulent bankruptcy.

If after having received the penalty of temporary removal of Exchange membership the member commits an offense requiring the same penalty during the time given in the Regulations for record of offense to be removed, the person is permanently removed from the Exchange membership.

General Provisions Pertaining to the Imposition of Penalties

Article 54 – a - Bearing in mind the nature and importance of the act and behavior, it is possible that one or more of the penalties in Article 53 are imposed by the Executive Council.

b- Bearing in mind the nature and importance of the act necessitating the penalty, if necessary, a decision to impose a penalty one grade less or one grade higher can be taken.

c- Those persons who commit the acts similar to those listed in Article 53 requiring the imposition of a penalty, are imposed the same type of penalty.

d- As per Article 18 of the DL, if the acts necessitating the penalty are performed by members or their authorized representatives for benefit, the fine indicated in paragraph c of Article 53 is to be three times the amount of the benefit obtained, provided that it is not less than five hundred thousand Turkish Lira.

e- If the temporary or permanent removal of Exchange membership fines mentioned in paragraphs d and e of Article 53 are finalized, this condition is reported to the CMB within 2 workdays.

f- The provisions of Articles 19 and 20 of DL are reserved.

g- If during the pre-investigation it is determined that the acts included paragraph d and e of Article 53 were committed, until the penalty to be imposed on the member or his representative is finalized, all market and settlement transactions

to be made on the Exchange may be temporarily halted. This issue is resolved at the first Executive Council meeting.

h- The disciplinary penalty received by the member representative while he was a representative is imposed even if his duty of representation discontinues.

l- The execution of finalized penalties of temporary or permanent removal of Exchange membership and/or representation is realized through a resolution taken by the Executive Council.

Discipline Committee and Its Duties

Article 55 – According to the General Regulations, a Discipline Committee is formed from one Chairman and two members chosen by the Executive Council from among candidates nominated by the General Assembly at the Exchange each for two-year duty period. The Committee meets with at least two members being present. At least two affirmative votes are required for a resolution. Abstentions are not permitted. The member exercising the opposing vote must indicate the reasons for his opinion in the resolution.

The duties of the Committee are to investigate disciplinary offenses foreseen in these Regulations, to take resolutions according to the rules of these Regulations, and to present these resolutions to the Executive Council for approval.

The Exchange Legal Affairs Director acts as the reporter to the Council.

Performing the Disciplinary Investigation

Article 56 – The Committee executes the disciplinary procedures on the file received from the Chairmanship according to the following order:

a- Initiation of Investigation

The Committee initiates the investigation regarding those violating the provisions of these Regulations within ten days from the date of receiving a complaint or warning.

b- Defense

In the investigation to be conducted, it is necessary to request a written defense and to grant at least fifteen days for its submission from the date of the communiqué. The Discipline Committee can authorize the Committee Reporter to make the request for such defense. Upon either the request of that member, or on its own initiative, the Committee can invite the member, or his representative, who is being investigated, to be heard. Those who cannot offer an acceptable excuse for not following such an invitation will not be heard.

c- Conclusion of Investigation

Within 10 days after having completed the investigation of the related file, the Committee submits its written resolution to the Executive Council for approval.

d- Executive Council Decision and Notification

The resolution of the Executive Council is sent to those concerned by registered return mail, or by hand in exchange for a signature, within three days of the resolution being made.

e- Objections to Penalties

As per paragraph b of Article 26 of the General Regulations those concerned may object to CMB regarding the imposed disciplinary penalties. These objection petitions are sent to the CMB via the Exchange Chairmanship.

f- Finalization of Penalties

If application to the CMB is not made within fifteen days following notification of the Executive Council resolutions regarding the disciplinary penalties, those penalties become final. If objection is made to the CMB, they become final after the notification of the CMB resolution to the concerned.

g- Conducting Discipline and Judicial Investigations at the same time

The provision of Article 69 of the General Regulations is reserved regarding the joint execution of both disciplinary and judicial investigation.

The Recording and Erasing of Disciplinary Penalties from the Register

Article 57 – Without having been finalized, disciplinary penalties cannot be imposed.

Disciplinary penalties that have been finalized become part of the register of the related member or member representative.

Provided that the member or member representative has not been excluded from the Exchange, if he does not commit any other offense within twelve months after the penalty is finalized, previous offenses recorded into his registers shall not constitute a basis for repetition.

Rules Regarding Resolution

Article 58 – Complaints pertaining to disputes and discipline are resolved according to existing regulations, custom and usage and practices and justice.

Ban on Participation

Article 59 – The Members of the Executive Council, the Chairman and the members of the Dispute Committee, the Chairman and the members of the Discipline Committee cannot participate in the Executive Council and

Committee activities and decisions regarding the matters that are of concern to themselves or the institutions they represent.

Precautionary Halting of Member Transactions

Article 60 – The Exchange and/or settlement and custody transactions of Exchange members who are found to have significant deficits in settlement and custody transactions, during Exchange and Settlement Transactions and during inspection, or through any other way, , can be halted for precautionary purposes by the Exchange Chairman for up to five workdays and the CMB is notified accordingly. Action is taken against the member based on the resolution of the CMB. The period of precautionary halting of transactions can be extended by the Exchange Chairman until the time the CMB makes its resolutions. Moreover, the situation of the Exchange members, who are determined to have made transactions contrary to legislation and whose financial structures weakened, is reported to the CMB.

SECTION SIX Various Provisions

Financial Affairs on the Exchange

Budget

Article 61 – The Exchange is managed by a private budget. Its budget period is the calendar year. Estimates of the income and expenditures of the Exchange are shown in the annual budget.

The budget proposal is prepared by the Executive Council and sent to the General Assembly.

The budget is finalized through the approval of the General Assembly.

Income and Expenses

Article 62 – The Exchange Executive Council determines the amount and percentages of income items and the time and form of their collection of the income items listed as essential in Article 16 of the DL, and this comes into effect upon the approval by the CMB. The details of the income and expenditures items and the methods of expenditure of the Exchange are specified in the Istanbul Stock Exchange Fund, Budget and Accounting Regulations.

Late Fees and Interests to be Imposed on Payments to the Exchange are not made on time

Article 63 – Interest and penalties that are imposed on public receivables are imposed on delays in all payments making up the budget income of the Exchange, including subscription fees, listing, fees to remain on the listing, and Exchange share on the brokerage fees.

The Exchange Bulletin

Article 64 – The Exchange issues an “Istanbul Stock Exchange Bulletin” on every day a session is held at the Exchange.

In addition to the subjects pertaining to the bulletin indicated in these Regulations, the following subjects are contained in the Istanbul Stock Exchange Bulletin:

- a- The markets found on the Exchange and their working hours

- b- Stocks being traded on the Exchange, both those listed in the Exchange and those that although not listed are traded at the Exchange, as well as their prices
- c- Stocks that have temporarily been removed from the listing
- d- Other information, articles, news and subjects whose publication the Exchange Administration deems necessary .

The sales price of the Istanbul Stock Exchange bulletin, and the fee and cost of publishing certain material in the bulletin or advertising fees are determined by the Executive Council.

Other Regulations

Article 65 – Other regulations to be issued based on these Regulations come into effect upon the approval by the CMB.

Regulations Removed from Effect

Article 66 – The Istanbul Stock Exchange Regulations published in the Official Gazette no. 18962 dated 18.12.1985 and the Regulations modifying this Regulation have been removed.

Provisional Article 1 – The rights of representatives and assistants authorized prior to this Regulation coming into effect are reserved.

Effective Date

Article 67 – This Regulation comes into effect on the day of its publication.

Enforcement

Article 68 – This Regulation is enforced by the Chairman of the Istanbul Stock Exchange.