

**BORSA İSTANBUL A.Ş. REGULATION
ON PRINCIPLES OF EXCHANGE ACTIVITIES RELATING
TO PRECIOUS METALS AND PRECIOUS STONES**

(Published in the Official Gazette edition 29150 on 19/10/2014)

**FIRST PART
General Provisions**

Purpose

ARTICLE 1 – (1) The purpose of this Regulation is to regulate the procedures and principles relating to markets, platforms and systems to be established in order to ensure that precious metals and precious stones are traded in a secure, transparent, efficient, stable, fair and competitive environment.

Scope

ARTICLE 2 – (1) This Regulation regulates the procedures and principles on:

- a) Listing and delisting in the Exchange,
- b) Transmission and matching of orders,
- c) Performing in due time obligations related to executed trades,
- ç) Granting authorization to trade in the exchange,
- d) Executing discipline regulations,
- e) Exchange revenues and their collection, and
- f) Resolution of disputes, and
- g) Operation, audit and surveillance systems of the Exchange,
- ğ) Establishing, operating and managing markets

relating to precious metals and precious stones.

Grounds

ARTICLE 3 – (1) This Regulation has been issued and published in reliance upon Article 67 of the Capital Markets Law no. 6362 dated 6/12/2012.

Definitions and abbreviations

ARTICLE 4 – (1) For the purposes and in the context of this Regulation:

- a) “Governmental Decree no. 32” refers to the Governmental Decree no. 32 on Protection of Value of Turkish Currency put into force by a Decree of the Council of Ministers no. 89/14391 dated 7/8/1989; and
- b) “Exchange” refers to and stands for Borsa İstanbul Anonim Şirketi; and

- c) “Exchange Regulation” refers to the Regulation on Principles of Exchange Activities of Borsa İstanbul A.Ş.; and
- ç) “DPSM” refers to and stands for Diamond and Precious Stones Market being a part of the Precious Metals and Precious Stones Markets; and
- d) “General Manager” refers to General Manager of Exchange; and
- e) “Arbitration Group” refers to a group of three arbitrators elected separately for each dispute by DPSM Arbitration Committee; and
- f) Arbitration Committee” refers to a committee appointed for resolution of probable disputes among those who are authorized to trade in DPSM; and
- g) “Trading day” refers to days when markets, platforms and systems are open for trading; and
- ğ) “Those who are authorized to trade” refers to those who are authorized to trade in the Exchange by becoming a member therein pursuant to first paragraph or without becoming a member therein pursuant to third paragraph of Article 24 of the Regulation on Principles of Foundation, Activities, Operations and Audit of Exchanges and Market Operators published in the Official Gazette edition 28712 on 19/07/2013; and
- h) “Public Disclosure Platform (PDP)” refers to the system defined in subparagraph (k) of first paragraph of Article 3 of the Law; and
- ı) “Law” refers to the Capital Markets Law no. 6362 dated 6/12/2012; and
- i) “Precious metals” refers to precious metals defined and standardized in the Governmental Decree no. 32; and
- j) “Precious metals intermediary institutions” refers to institutions holding foundation and/or operation licenses granted by the Treasury Undersecretariat for trading in markets where precious metals and precious stones are traded; and
- k) “PMLM” refers to and stands for Precious Metals Lending Market; and
- l) “Precious stones” refers to precious stones referred to in the Governmental Decree no. 32 on Protection of Value of Turkish Currency; and
- m) “PMPSM” refers to and stands for Precious Metals and Precious Stones Markets; and
- n) “PMM” refers to and stands for Precious Metals Market included in PMPSM; and
- o) “Board” refers to and stands for the Capital Markets Board; and
- ö) “Undersecretariat” refers to and stands for the Treasury Undersecretariat; and
- p) “Markets, platforms and systems” refers to trading media created depending on types, modus operandi or other characteristics and specifications of the traded precious metals and precious stones; and
- r) “Refinery” refers to refineries the precious metals of which will be traded in the Exchange and which are included in the list of refineries determined by the Exchange within the frame of regulations issued by the Undersecretariat; and
- s) “Trading session” refers to the timeframe when markets, platforms and systems included in the Exchange are open for trading; and
- ş) “Clearing House” refers to an organization unit of the Exchange or to institutions and entities designated by the Exchange, which are responsible for clearing of money or precious metals; and

- t) “CBRT” refers to and stands for Central Bank of the Republic of Turkey; and
- u) “Representative” refers to a person who may represent those who are authorized to trade in the Exchange or in clearing and custody transactions, and to whom notices and correspondences may be delivered by hand in the name of the represented person or entity; and
- ii) “Member” refers to those who are authorized by the Board of Directors to trade in the Exchange out of those referred to in first paragraph of Article 24 of the Regulation on Principles of Foundation, Activities, Operations and Audit of Exchanges and Market Operators; and
- v) “Investment firms” refers to firms defined in subparagraph (v) of first paragraph of Article 3 of the Law; and
- y) “Board of Directors” refers to the Exchange Board of Directors.

SECOND PART

Special Provisions on PMPSM

Granting of authorization to trade

ARTICLE 5 – (1) An application may be filed to the Exchange for trading in any one, more or all of the markets, platforms and systems organized in PMPSM. Applicants for an authorization to trade must, prior to application, have satisfied the conditions required as per the applicable laws. Principles of operation of precious metals intermediary institutions and foundation of precious metals intermediary institutions are determined by a regulation to be issued by the Undersecretariat.

(2) In applications for an authorization to trade, the Exchange employee may conduct inspections in the applicants. Those who are authorized to trade upon acceptance of their application by the Board of Directors may trade in the markets, platforms and systems of PMPSM in accordance with the principles set forth in the relevant regulations and within the frame of authorization granted to them.

(3) In DPSM, those who are authorized to trade in PMM and are not subject to any limitation in their own laws and regulations, and legal entities resident in Turkey applying for trading only in this market, and real persons resident in Turkey applying for trading only in their own name and account may be authorized to trade.

(4) CBRT is authorized to trade in markets, platforms and systems where precious metals and precious stones are traded, and is not subject to such obligations as acceptance to membership, grant of authorization to trade, collateral, audit and discipline included in the relevant Exchange regulations. Furthermore, CBRT is exempted from fees levied on subscriptions, orders and trades, and from exchange transaction fees and other fees, except for fees relating to custody of precious metals.

(5) Those who are authorized to trade in PMPSM within the frame of third paragraph of Article 24 of the Regulation on Principles of Foundation, Activities, Operations and Audit of Exchanges and Market Operators cannot be elected to bodies and committees of the Exchange and cannot be eligible for membership rights, except for dispute and discipline issues.

Conditions sought for in those who are authorized to trade

ARTICLE 6 – (1) Those who are covered by first paragraph of Article 24 of the Regulation on Principles of Foundation, Activities, Operations and Audit of Exchanges and Market Operators may be authorized to trade in PMPSM by becoming a member of the Exchange.

(2) Those who will be authorized to trade in PMPSM without becoming a member of the Exchange pursuant to third paragraph of Article 24 of the Regulation on Principles of Foundation, Activities, Operations and Audit of Exchanges and Market Operators, and if any, their partners having a significant influence:

- a)** Must not be bankrupt, or must not have declared composition with creditors or their application for restructuring through conciliation must not have been approved, or must not have been subject to a decision of postponement of bankruptcy, or must not have any outstanding tax debts, pursuant to provisions of the Execution and Bankruptcy Law no. 2004 dated 9/6/1932; and
- b)** Must not have been subject to a decision of liquidation pursuant to the Decree in Force of Law dated 14/1/1982 no. 35 on the Transactions of Bankers in Payment Difficulty; and
- c)** Must not have been condemned due to breach of the Law or the Banking Law no. 5411 dated 19/10/2005 and/or sentenced to penal servitude or imprisonment for more than 5 years, even if pardoned, except for negligent crimes, or convicted for such crimes as embezzlement, malversation, bribe, theft, corruption, extortion, usury, fraud, abuse of faith or fraudulent bankruptcy, or for smuggling crimes other than smuggling for own use or consumption, or for bid rigging in official bid tenders and public procurements or disclosure of state secrets, or for tax evasion or attempt for tax evasion; and
- ç)** Must not have been condemned for financing terrorism or for compliciting in financing of terrorism as specified in Section 2 of the Law on Prevention of Financing of Terrorism no. 6415 dated 7/2/2013; and
- d)** Must not have been condemned for laundering of crime revenues or for compliciting in laundering proceeds of crime as specified in Article 2 of the Law on Prevention of Laundering Proceeds of Crime no. 5549 dated 11/10/2006; and
- e)** Must have a financial power and prestige as will be specified and determined by the Exchange.

(3) That must be confirmed, the applicant for trading in DPSM is already engaged in trading of precious stones by records of the Chamber of Jewelers or the Chamber of Commerce.

(4) The Board of Directors is authorized to request any additional information and documents as deemed necessary. The application for an authorization to trade drops in case of failure in delivery of additional information and documents requested by the Board of Directors within sixty days after request.

Preventive or temporary removal or cancellation of authorization to trade

ARTICLE 7 – (1) Authorization of those who are authorized to trade in PMPSM may be preventively or temporarily removed or cancelled by a decision of the Board of Directors within the frame of provisions of the Exchange Regulation.

(2) Other than the provisions of the preceding first paragraph, upon occurrence of any one of the following events, authorization of those who are authorized to trade in DPSM may be preventively or temporarily removed or cancelled by a decision of the Board of Directors:

- a) Failure in performance of financial obligations; or
- b) Non-compliance with decisions of Arbitration Committee or Arbitration Group; or
- c) If it is reported by the World Federation of Diamond Bourses that the authorization to trade is prevented.

(3) Decisions taken by the Board of Directors pursuant to second paragraph of this Article are announced within the frame of principles and procedures determined by the Board of Directors in order to inform those who are authorized to trade. These decisions are reported also to the World Federation of Diamond Exchanges.

(4) Upon written demand of those who are authorized to trade, this authorization may be temporarily removed by a decision of the Board of Directors. Procedures and principles relating thereto are determined by the Board of Directors.

(5) Those whose authorization to trade is preventively or temporarily removed or cancelled pursuant to this Article are reported to the Board and the Undersecretariat.

Precious metals and precious stones to be traded

ARTICLE 8 – (1) In PMPSM, precious metals defined and standardized in the Governmental Decree no. 32, and precious stones referred to in the same Governmental Decree are traded.

Temporary suspension of trading

ARTICLE 9 – (1) Upon occurrence of the events stated in the Exchange Regulation and upon occurrence of other events preventing healthy management of trading session, the General

Manager may suspend trading of the relevant precious metal or precious stone for 5 trading days. A decision of the Board of Directors is required for suspension of trading for more than 5 trading days.

(2) General Manager may delegate his powers arising out of the first paragraph to any Deputy General Manager or Deputy General Managers to be designated by himself.

(3) Temporary suspension of trading in the Exchange is published in PDP and/or in the Exchange bulletin and is reported to the Board, together with reasons thereof.

Notification of over-the-counter transactions to the Exchange

ARTICLE 10 – (1) Those who are authorized to trade may be requested to report the purchase and sale transactions realized outside the Exchange to the Exchange within the frame of procedures and principles to be determined by the Board of Directors.

Delivery to or registration to the Exchange of imported precious metals and rough diamonds

ARTICLE 11 – (1) Unprocessed precious metals imported by precious metals intermediary institutions authorized to trade in PMM are delivered to the Clearing House as specified in the Governmental Decree no. 32. Customs Administrations are also required to report the imported precious metals to the Exchange.

(2) Those who fail to deliver the imported unprocessed precious metals to the Clearing House as specified in the Governmental Decree no. 32 are subject to a penal commission and a default interest under the conditions determined by the Board of Directors and approved by the Board.

(3) Imported and exported rough diamonds are required to be registered in the Exchange. Imported and exported rough diamonds are registered by the Exchange on the basis of the relevant customs declaration (bill of entry) and certificate. Procedures of registration and commission to be charged by the Exchange are determined by the Board of Directors and approved by the Board. Within three business days after entering the free circulation, rough diamonds are required to be registered in the Exchange only through submission of the relevant customs declaration (bill of entry).

Trading in the Exchange of precious metals produced from ore

ARTICLE 12 – (1) Precious metals produced in Turkey from mineral ores in any types and manners whatsoever and made tradable in the Exchange are also traded in the Exchange. Precious metals produced from mineral ores by precious metal producers are required to be reported by them to the Exchange as of the periods to be determined by the General Manager.

Powers of the Exchange with respect to refineries

ARTICLE 13 – (1) Within the frame of the regulations issued by the Undersecretariat and the principles determined by the Board of Directors, the Exchange is authorized to prepare and announce a list of refineries the precious metals of which will be traded in the Exchange, and to examine and reply the applications of refineries operating in Turkey or international refineries for inclusion in the list, and to audit and supervise the listed refineries operating in Turkey in accordance with the applicable laws and regulations.

Performance of trading obligations, and default

ARTICLE 14 – (1) Within the frame of the applicable laws, the Board of Directors may decide that trades will be effected in Turkish Lira or in foreign currencies separately for each of markets, platforms and systems operating in PMPSM, and that price will be paid in Turkish Lira or in foreign currencies, and that trades will be executed on cash basis or non-cash basis.

(2) Obligations relating to finalized trades are required to be performed within the periods and by the methods determined by the Board of Directors and approved by the Board. Those who fail to perform their obligations within the periods specified as above will be deemed to have fallen in default without any further notice. Actions required for termination of the event of default are taken within the frame of provisions of the applicable laws.

(3) If and when obligations relating to trade of precious metals are performed after the time specified as above, but within the same day, then and in this case, the Board of Directors may decide not to apply the default provisions unless otherwise demanded by the creditor side or the parties thereto.

Precious metals lending transactions

ARTICLE 15 – (1) Procedures and principles relating to lending of precious metals are determined by the Board of Directors and are submitted to the approval of the Board.

Obligations of customers prior to transmission of order to the Exchange

ARTICLE 16 – (1) Those who are authorized to trade in PMM may, as a condition precedent of transmission of the customer order to the Exchange, request those who give a buy order to pay a down payment or a security deposit or full amount of price of the precious metals intended to be purchased, against an acknowledgement of receipt, and request those who give a sell order to deliver to them or to their representatives the precious metals intended to be sold, against a delivery receipt.

(2) Down payment, prepaid price or delivered precious metals are returned to the customer by no later than the first business day thereafter if the trade is not executed. If the trade is executed, down payment or prepaid price is set off from the purchase price.

Reporting of results of customer orders to customers

ARTICLE 17 – (1) Whether customer orders are executed in PMM or not will be reported by those who are authorized to trade to customers in the next business day.

(2) With respect to non-executed orders, those who are authorized to trade in PMM are under obligation to return the precious metals received from the customer, but unsold, and to refund the price collected from the customer within no later than 24 hours following the end of trading session.

Brokerage fee

ARTICLE 18 – (1) Customers have to pay a fee to precious metals intermediary institutions over the amount of trades executed in the Exchange up to a maximum limit to be determined by the Board of Directors.

Documentation and recording system of those who are authorized to trade in PMM

ARTICLE 19 – (1) Those who are authorized to trade in PMM are under obligation to keep the books and records and to issue the documents specified in the regulation issued by the Undersecretariat, and to comply with the regulations of the Exchange in their accounting records, documents and transactions relating to intermediation activities.

(2) Provisions relating to investment firms in the laws applicable on them are, however, reserved.

Delivery of precious metals to customers

ARTICLE 20 – (1) If the customer executes the trade and pays the price, those who are authorized to trade in PMM are under obligation to deliver the relevant precious metals to the customer within a period of time to be determined by the Board of Directors. Those who are authorized to trade in PMM may, due to the Exchange transactions, deliver the relevant precious metals to their customers out of their own stocks outside the Clearing House before the end of said period of time.

Clearing and custody

ARTICLE 21 – (1) Clearing and custody transactions may be executed in the Exchange's own organization or clearing and custody services may be outsourced to and purchased from specific entities and institutions founded for this purpose, within the frame of principles to be determined by the Exchange.

Resolution of disputes relating to PMM and PMLM trades

ARTICLE 22 – (1) In disputes arising out of the Exchange transactions among those who are authorized to trade in PMM, application may be filed by either party thereto, and in disputes of the same kind between those who are authorized to trade and their customers, application may be filed by the customer. Disputes relating to PMM and PMLM trades are resolved by

the Board of Directors. Dispute Committee established for these markets assists the Board of Directors in resolution of disputes.

(2) Format of application for dispute, contents of petition, operating procedures and principles of dispute committee, and procedures and principles relating to examination, investigation and resolution of dispute are determined by the Board of Directors and approved by the Board.

(3) Rights of the parties to apply to courts and other juridical authorities for resolution of dispute are, however, reserved.

Resolution of disputes relating to DPSM trades

ARTICLE 23 – (1) Arbitration Committee and Arbitration Group are established for disputes relating to DPSM trades, and accordingly, disputes relating to DPSM trades are resolved by Arbitration Committee and Arbitration Group.

(2) In disputes arising out of the Exchange transactions among those who are authorized to trade in DPSM, application may be filed by either party thereto.

(3) Format of application for dispute, contents of petition, dispute service fee, survey, expert and similar other expenses, foundation and duties, meeting and decision quorums, and operating procedures and principles of dispute and arbitration committees and arbitration group, and reporters of committees, and procedures and principles relating to examination, investigation and resolution of dispute are determined by the Board of Directors.

(4) Decisions of award of Arbitration Committee and Arbitration Group for resolution of disputes shall be final.

(5) Rights of the parties to apply to courts and other juridical authorities or to the World Federation of Diamond Bourses for resolution of dispute are, however, reserved.

Procedures and principles relating to dispute application and resolution

ARTICLE 24 – (1) A dispute application is made by a written petition and payment of a dispute service fee determined by the Board of Directors and approved by the Board.

(2) If an application is not in due form and the procedural breaches are not remedied within the period of time granted thereinfor, then the Dispute Committee or Arbitration Committee decides that the application is deemed not made.

(3) Applications not filed within a period of two years following the date of execution of the first Exchange transaction in dispute will not be examined by the Exchange.

Cancellation of dispute file

ARTICLE 25 – (1) In the case of withdrawal of a complaint, or settlement of case, or application to arbitration or juridical courts or to the World Federation of Diamond Bourses, the Dispute Committee or the Arbitration Committees decides to cancel the dispute file.

(2) If the parties amicably settle the case or apply to arbitration or juridical courts or to the World Federation of Diamond Exchanges, those who are authorized to trade are under obligation to inform the Exchange thereabout in writing within three business days after becoming aware of the fact.

(3) If an application is deemed not made, or a complaint is withdrawn, or an application is made to arbitration or juridical courts or to the World Federation of Diamond Exchanges, or the parties amicably enter into settlement, then a re-application cannot be filed to the Exchange about the same dispute.

(4) If a complaint is withdrawn, or an application is made to arbitration or juridical courts or to the World Federation of Diamond Exchanges, or the parties amicably enter into settlement, the dispute service fee already paid therefor is not refunded, but recorded as a revenue of the Exchange. If an application is fully or partially found justified, as a part of the decision about the application, it is also decided that the service fee prepaid by the applicant be refunded and reimbursed by the other party to the applicant.

Information to Undersecretariat and authority of Undersecretariat

ARTICLE 26 – (1) Disciplinary punishments requiring temporary removal or cancellation of trading authorization or representation are separately reported to the Undersecretariat.

(2) Transactions, accounts, records and books of those who are authorized to trade in PMPSM with respect to precious metals and precious stones are subject to audit and supervision of the Undersecretariat.

THIRD PART

Joint Provisions With Exchange Regulation

Joint provisions

ARTICLE 27 – (1) Article 5 titled “Granting of authorization to trade”, article 7 titled “Representation of those authorized to trade”, article 8 titled “Obligations of those authorized to trade”, article 9 titled “Obligations of representatives”, article 10 titled “Guarantees”, article 13 titled “Waiver from authorization to trade”, article 24 titled “Trading in the Exchange”, article 26 titled “Permanent termination of trading in the Exchange”, article 29 titled “Method of transmission of customer orders”, article 30 titled “Transmission of orders to the Exchange”, article 31 titled “Matching of orders”, article 32 titled “Registration, notification and announcement of resulting prices and trades”, article 33 titled “Cancellation

of orders and trades by the Exchange”, article 34 titled “Exchange transactions and settlement of exchange transactions”, article 36 titled “Gross settlement and deposit requirement”, article 37 titled “Marketplaces, markets, platforms and systems established in the Exchange”, article 38 titled “Operation and management of marketplaces, markets, platforms and systems”, article 39 titled “Temporary closing of marketplaces, markets, platforms and systems”, article 40 titled “Working time of the Exchange”, article 41 titled “Regulatory, audit and surveillance powers of the Exchange”, article 42 titled “Audit activities”, article 43 titled “Surveillance activities”, article 44 titled “Measures and sanctions”, article 45 titled “Obligation to provide information and documents”, article 46 “Cooperation and notification obligations”, article 47 titled “Authority in resolution of disputes”, article 48 titled “Procedures and principles on application and resolution of dispute”, article 51 titled “Authority in disciplinary proceedings”, article 52 titled “Types of disciplinary punishments”, article 53 titled “Acts requiring disciplinary punishments”, article 54 titled “General provisions on determination and imposition of punishments”, article 55 titled “Statute of limitations on investigation and disciplinary punishments”, article 56 titled “Simultaneous conduct of disciplinary and legal investigations”, article 57 titled “Provisions on committees”, article 58 titled “Rules on conduct of activities, prevention of conflicts of interests, and compliance with ethical principles”, article 59 titled “Revenues of the Exchange”, article 60 titled “Collection of revenues”, article 61 titled “Announcements, advertisements and notices”, and article 62 titled “The Exchange Bulletin” of the Exchange regulations are also applicable and enforceable by analogy for precious metals and precious stones markets as well.

FOURTH PART

Miscellaneous and Final Provisions

Matters on which no applicable provision in this Regulation

ARTICLE 28 – (1) Solely if and to the extent a consent of the Board is not required, the Board of Directors is authorized to decide within the frame of the applicable laws, and to regulate and direct the practices, on matters on which no applicable provision in this Regulation or does not regulate clearly.

Transitory provisions on regulations to be adopted

TRANSITIONAL ARTICLE 1 – (1) Provisions of the existing current regulations which are not against this Regulation are continued to be applied until the regulations to be issued pursuant to and by virtue of this Regulation are enter into force.

Effective date

ARTICLE 29 - (1) This Regulation shall enter into force at the date of its publication.

Execution

ARTICLE 30 – (1) The provisions of this Regulation shall be executed by the Board of Directors.