Futures and Options Market (VIOP)

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1   PRODUCTS

Borsa İstanbul currently trades the following products.

1)   Single stock futures (Physical Settlement, T+3)
2)   Single stock options (American , Physical Settlement, T+3)
3)   Index options (European, Cash Settlement, T+1)

2   UNDERLYING SECURITIES

Company Name	Stock Market Code
BIST 30 Index	XU030
T. Garanti Bankası A.Ş	GARAN
T.İş Bankası A.Ş.	ISCTR
Akbank T.A.Ş.	AKBNK
Türkiye Vakıflar Bankası T.A.O.	VAKBN
Yapı ve Kredi Bankası A.Ş.	YKBNK
Türk Hava Yolları A.O.	THYAO
Ereğli Demir ve Çelik Fabrikaları T.A.Ş.	EREGL
H.Ö. Sabancı Holding A.Ş.	SAHOL
Turkcell İletişim Hizmetleri A.Ş.	TCELL
Tüpraş Türkiye Petrol Rafinerileri A.Ş.	TUPRS

3   STOCK OPTIONS CONTRACT SPECIFICATIONS

Underlying Securities	BIST30 Stocks meeting the eligibility criteria at VIOP
Contract Codes	Contract codes include basic properties of the contracts. Example : O_XXXXXA0313C5.00S0 O : Options XXXXX: Underlying Security Code A : American Option 0313 : Expiry Month (March 2013) C : Option Class (C: Call, P: Put) 5.00 : Strike Price (5 TRY, strike price decimal may vary) S : Standard / Nonstandard (S: Standard, N: Non-Standard) 0 : Standard / Nonstandard Number
Contract Size	100 shares per contract.
Tick Size	TRY0.01 per share = TRY1.00 (contract size 100 shares)
Exercise Style	American, i.e. exercisable on or before the expiry date. Set by Borsa İstanbul according to strike price intervals. Subject to an adjustment due to a corporate action by the underlying company.

Strike Prices	Strike Price Intervals (TRY)	Strike Price Increments (TRY)
	0.01 – 1.00	0.05
	1.00 – 2.50	0.10
	2.50 – 5.00	0.25
	5.00 – 10.00	0.50
	10.00 – 25.00	1.00
	25.00 – 50.00	2.50
	50.00 – 100.00	5.00
	100.00 – 250.00	10.00
	250.00 – 500.00	25.00
	500.00 – 1.000.00	50.00
	1,000.00 and above	100.00

Option Class	Call and put options
Contract Months	Current month, the next calendar month and the next cycle month. Cycle months are March, June, September and December.
Expiry Date	Last business day of the contract month.
Settlement Period	T+3 (Three business days following the exercise)
Last Trading Day	Last business day of the contract month.
Trading Hours	Normal trading 09:15 to 17:40 with a non-trading period between 12:30-14:00.
Settlement	Physical

4   STOCK FUTURES CONTRACT SPECIFICATIONS

Underlying Securities	BIST30 Stocks meeting the eligibility criteria at VIOP
Contract Codes	Contract codes include basic properties of the contracts. Example : F_XXXXX0313S0 F : Futures XXXXX: Underlying Security code 0313 : Expiry Month (March 2013) S : Standard/Nonstandard (S: Standard N: Non-Standard) 0 : Standard/Nonstandard Number
Contract Size	100 shares per contract.
Tick Size	TRY0.01 per share = TRY1.00 (contract size 100 shares)
Contract Months	Current month, the next calendar month and the next cycle month. Cycle months are March, June, September and December.
Expiry Date	Last business day of the contract month.

Last Trading Day	Last business day of the contract month.
Trading Hours	Normal trading 09:15 to 17:40 with a non-trading period between 12:30-14:00.
Settlement	Physical
Daily Price Limit	Prices cannot exceed +/- 20% of previous day's settlement price

5 INDEX OPTIONS CONTRACT SPECIFICATIONS

Underlying Securities	BIST30 (XU030) Price Index/1000
Contract Codes	Contract codes include basic properties of the contracts. Example : O_XXXXXE0313C95.000S0 O : Options XXXXX: Underlying Security Code E : European Option 0313 : Expiry Month (March 2013) C : Option Class (C: Call, P: Put) 95.000 : Strike Price (95 for 95,000 index points) S : Standard/Nonstandard (S: Standard N: Non-Standard) 0 : Standard/Nonstandard Number
Contract Size	Underlying security is the 1/1000 of the index values. Contract multiplier for the index options is 100 underlying securities.
Tick Size	TRY0.01 per underlying security = TRY1.00 (contract size 100 underlying securities).
Exercise Style	European
Strike (Exercise) Prices	Strike price tick is 2 (2,000 index point). Series with strike prices within the ±10% of the previous day last session closing value of the underlying indexes are listed in the system according to strike price intervals. Two in the money, one at the money, and two out of the money series are activated in the system. As the underlying price moves during the session, new series that have been already listed in the system will be activated automatically for trading Series that have orders or open interest, will maintain to be active in the system even if they fall out of ±10% limits.
Contract Months	Current month, the next calendar month and the next cycle month. Cycle months are March, June, September and December.
Expiry Date	Last business day of the contract month.
Last Trading Day	Last business day of the contract month.
Trading Hours	Normal trading 09:15 to 17:45 with a non-trading period between 12:30-14:00.
Settlement	Cash settlement

6 LISTING RULES

New contracts will be listed if relevant series expire or underlying prices move for option contracts.

For stock options, when introducing a new contract month, all series with strike prices within the ±20% of the spot price (session weighted average) are listed in the system according to exercise price intervals. If the underlying prices move, additional series may be listed for the next day as ±20% of the underlying price changes. As the underlying price moves during the session, new series that have been already listed in the system will be available for trading maintaining at least one in the money, one at the money and one out of the money option series in the trading system.

For index options, series with strike prices within the ±10% of the previous day last session closing value of the underlying indexes are listed in the system according to strike price intervals. Two in the money, one at the money, and two out of the money series are activated in the system. As the underlying price moves during the session, new series that have been already listed in the system will be activated automatically for trading maintaining at least two in the money, one at the money and two out of the money option series in the trading system. Series that have orders or open position, will maintain to be active in the system even if they fall out of ±10% limits.

In case of corporate action adjustments, standard contracts may be converted to nonstandard ones. No new series will be listed for non-standard contracts.

7 TRADING HOURS AND SESSIONS

Normal session is with continuous trading from 9:15 to 17:40 (17:45 for index options) with a non-trading period between 12:30-14:00 hours. Fixing sessions with call auction may be held before, during or after the normal session at times set by Borsa İstanbul.
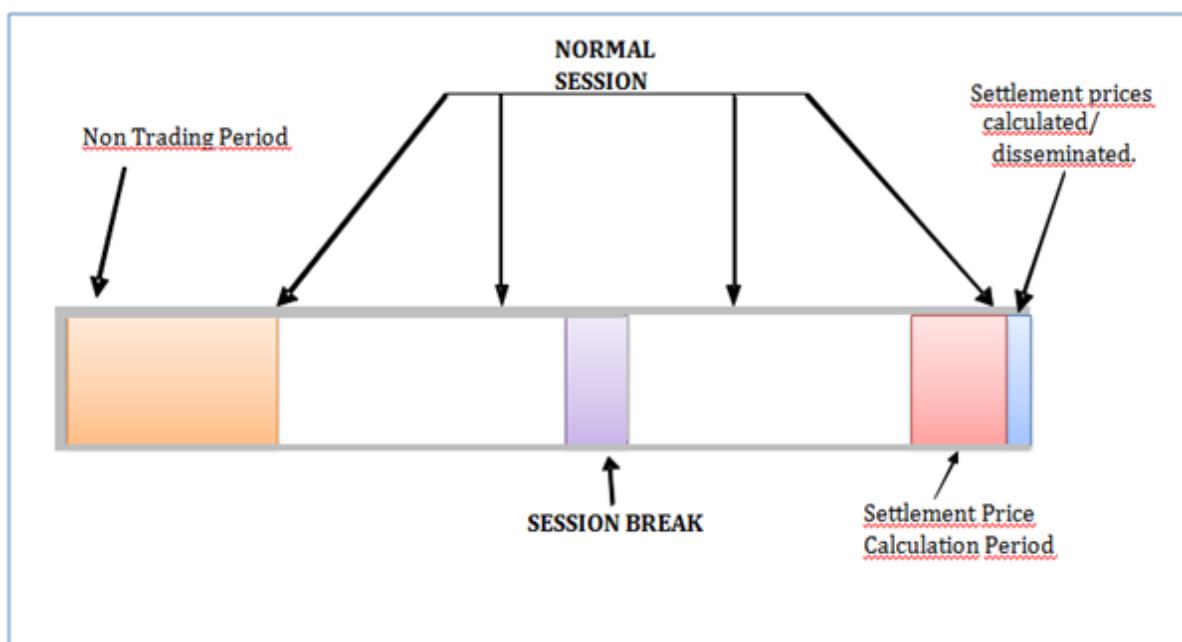
8 ORDERS

Order methods and types mentioned below can be used in the trading system.

Order Methods (Limit, Market, Market at Best Price)
Order Types (Keep Remainder, Fill and Kill, Fill or Kill, Market Contingent)
Order Periods (Session, Daily, Good till Cancel, Date)

Order methods and types can be restricted in some cases i.e. risky accounts and global accounts.

9   SETTLEMENT PRICES

9.1   DAILY SETTLEMENT PRICES

Daily settlement prices will be determined at the closing of the trading session as follows:

- Weighted average price of all trades performed within the last 10 minutes before the closing of the trading session,
- If number of trades performed within the last 10 minutes before the closing of the trading session is less than 10, weighted average of the last 10 trades before the closing,
- If there are less than 10 trades in the session, then weighted average price of all trades in the session will be set as the daily settlement price.

If the daily settlement prices cannot be calculated using the aforementioned methods, previous day settlement prices for futures contracts, and theoretical prices of options calculated by Takasbank will be the settlement price.

Borsa İstanbul and Takasbank may modify the settlement prices if required before the announcement as set out in rules and regulations of the Exchange.

9.2   FINAL SETTLEMENT PRICES

For stock futures, the closing price in the closing session of the underlying securities in the spot market will be the final settlement price on the last trading day of the contracts.

For index options, index values that will be the basis for final settlement price will be closing index values that are calculated by the closing price in the closing session of the underlying securities in the index.

In the last trading day, in case index values could not be calculated, final settlement price will be determined by Settlement Price Committee.

10   MINIMUM AND MAXIMUM ORDER SIZES

Maximum order sizes vary with the spot price of the underlying security's second session weighted average at the close of the market. Once set at the beginning of the trading session, order sizes do not change during the day.

Order Size	Underlying VWAP or Value <10 TRY	Underlying VWAP or Value >=10 TRY
Minimum	1	1
Maximum	5.000	2.500

11   EXCHANGE HOLIDAYS

Date	Holiday	Trading Information
January 01, 2013 Tuesday	New Year	Markets will be closed
April 23, 2013 Tuesday	National Sovereignty and Children's Day	Markets will be closed
May 01, 2013 Wednesday	Labor and Solidarity Day	Markets will be closed

August 07, 2013 Wednesday (Arife-Half-day off) August 08, 2013 Thursday August 09, 2013 Friday	Ramadan Holiday (Eid al-Fitr)	August 07, 2013 Wednesday (Arife-Half-day off) Markets will be closed on August 08, 2013 Thursday and August 09, 2013 Friday.
August 30, 2013 Friday	Victory Day	Markets will be closed.
October 14, 2013 Monday (Arife-Half-day off) October 15, 2013 Tuesday October 16, 2013 Wednesday October 17, 2013 Thursday October 18, 2013 Friday	Kurban Holiday (Eid al-Adha)	October 14, 2013 Monday (Arife-Half-day off) Markets will be closed on October 15, 2013 Tuesday, October 16, 2013 Wednesday, October 17, 2013 Thursday, October 18, 2013 Friday
October 28, 2013 Monday (Half-day off) October 29, 2013 Tuesday	Republic Day	October 28, 2013 Monday (Half-day off) Markets will be closed on October 29, 2013 Tuesday

12 EXCHANGE FEES

12.1 EXCHANGE FEES FOR STOCK FUTURES

Borsa İstanbul charges 0.004% (4 out of 100,000) of the notional trading value as an exchange fee.

For example, if trade price is 7 for 10 contracts of a standard stock futures then exchange fee will be Price x Number of contracts x Contract size X 0.00004= 7 x 10 x 100 x 0.00004 = TRY0.28.

12.2 EXCHANGE FEES FOR STOCK AND INDEX OPTIONS

Borsa İstanbul charges 0.008% (8 out of 100,000) of the premium value as an exchange fee with a minimum of TRY0.03 per trade.

For example, if trade price (Premium price) is TRY1.00 for 10 contracts of a standard stock options then exchange fee will be Max(Price x Number of contracts x Contract size x 0.00008; 0.03)= 1 x 10 x 100 x 0.00008 = TRY0.08.

13 POSITION LIMITS

13.1 MARKET WIDE POSITION LIMIT

If aggregate open interest in the futures and options on individual equities exceed the number of free float shares, from next day onwards the client/ trading members should trade only to decrease their positions through offsetting positions till the normal trading in the market is resumed.

The normal trading in the market is resumed only after the aggregate open interest comes down to 95% or below of the market wide position limit.

Market wide position limit is not applied for index option contracts.

13.2 CLIENT LEVEL POSITION LIMITS

The gross open position in the same side of the market (Long Call + Short Put + Long Futures or Short Call + Long Put + Short Futures) for each client, across all derivative contracts on a stock, should not exceed 5% of the number of the free float shares.

As for index options client level position limit, the gross open position in the same side of the market (Long Call + Short Put or Short Call + Long Put) for each client across all index option contracts of the same underlying, should not exceed 50,000 contracts. If 50,000 contract limit is exceeded, the client level position limit will be 20% of the total open position on contracts of the same underlying.

14 ACCOUNTS

All accounts will be opened at Takasbank. Takasbank will then upload new accounts to the trading system. Account types are "Customer", "House" and "Global" (Omnibus). Each customer must have a separate account in the system (except for global accounts). Trading and depository accounts may be separated within the firm or among the firms. Each trading account must be linked to a depository account. A depository account can have more than one trading account. All risk and collateral checks will be applied to depository accounts. If a depository account status is risky or suspended then all trading accounts of the depository account will become risky or suspended respectively.

Orders must be entered into the trading system at the client level. Trades can be monitored in trading accounts; positions will be monitored in depository accounts. Firm managers, firm inquirers and assigned traders can reach all information including positions in related depository accounts in the same firm.

15 MEMBERS AND MEMBER REPRESENTATIVES (BROKERS)

15.1 MEMBERS
There are two types of members in Borsa İstanbul Futures and Options Market (VIOP):

Trading (Market) members
- Directly send buy-sell orders in the market after getting the settlement guarantee of a general clearing member

Market Members which are also clearing members
- Direct clearing members - authorized to settle its own or clients' trades only
- General clearing members - authorized to settle its own or clients trades as well as other trading members

For equity & index futures and options, only brokerage houses that are exchange members are eligible to trade in the market. They are also required to hold a license from Capital Market Board to trade derivatives products and to become a direct clearing member of Takasbank among other requirements. Banks will not be authorized to trade in equity & index futures and option contracts directly, but only as agencies of brokerage houses. However, banks may keep depository accounts for such contracts and/or act as clearing members. On the other hand, with the exception of single stock and index futures/options, banks will be allowed to trade contracts and may provide intermediary services for client orders.

15.2 MEMBER REPRESENTATIVES (BROKERS)
Member representatives/brokers must meet certain requirements as set out in the rules and Regulations of Borsa İstanbul and Capital Markets Board. They are also required to complete theoretical and practical training programs designed by Borsa İstanbul.

Ones who currently hold "Derivatives Products" license from Capital Market Board or are official Derivatives Exchange market representatives/brokers of the members are exempt from theoretical educational courses.

All candidates must attend Borsa İstanbul Futures and Options Market (VIOP) Trading System Simulation Program.

16 GUARANTEE FUND

The Guarantee Fund is constituted by Borsa İstanbul with the participation of all Clearing Members for use in fulfilling the settlement obligations in cases of default. The Guarantee Fund is managed by Takasbank.

The contributions to the Guarantee Fund can be in cash (TRY) and non-cash (other). At least 30% of the guarantee fund contribution must be in cash.

Guarantee fund contribution will be proportionate to the gross margin requirement of each clearing member with a minimum fix payment of 200,000 TRY.

17 EXERCISE OF OPTIONS

Exercise instructions must be given to Takasbank directly. Exercise instructions may be cancelled before assignment (17:45). Assignment will be on account basis. Assigned accounts will be selected "randomly" by Takasbank. Exercise instructions may partially be accepted if there are insufficient long positions in the account. Physical delivery of equities will be on the third business day (T+3) following the exercise instruction. For the stock futures, all open positions at the end of last trading day will be subject to physical delivery. In stock options, exercise instruction is needed even if the option is in the money at the end of the last trading day.

As for index options, there is an automatic exercise at the expiry date. Exercise profit loss is calculated by using the final settlement price.

18 MARGINING ESSENTIALS

Margining and risk management is done at the Client (Account) level. Collaterals are managed by Takasbank. Takasbank performs near real time post trade portfolio margining for all accounts with SPAN algorithm. SPAN parameters are announced by Takasbank daily.

Takasbank receives trade information from Borsa İstanbul real-time and updates positions and margin requirements automatically. Risk statuses of accounts are updated on the trading system by Takasbank, whenever a change occurs. If the status of an account is changed to risky then, all open orders of that account are cancelled by the trading system. New orders entered by that risky account are subject to risk controls. Orders will be received on individual basis and will be validated by Takasbank if they reduce risk. Types of orders that can be used by risky accounts may be restricted by the system.

19 CONTACT DETAILS

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