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No : BİAŞ-30-GDD-010.07-39

03/04/2013

Subject : TURKDEX – Borsa İstanbul Merger Process

General Letter No: 4027
Futures and Options Market Department

Dear Members,

According to sub-paragraph b, paragraph 6, article 138 of the Capital Market Law no. 6362, the shareholders of Turkish Derivatives Exchange (TURKDEX) will be entitled to purchase Borsa İstanbul A.Ş. shares equal to the product of their share multiplied by 0.05, within one month following the registration of the Articles of Association of Borsa İstanbul A.Ş.

The merger stipulates the migration of the futures contracts currently traded on TURKDEX to Borsa İstanbul Futures & Options Market (VIOP), thereby all futures and options contracts will be traded on a single platform. Details regarding the merger process are as follows:

- All the contracts traded on TURKDEX will be transferred to VIOP Trading System on August 5, 2013, and starting from this date, the transferred contracts will start trading in accordance with the market rules of VIOP. Some of the Turkdex contracts with a low open interest or low traded volume may not be transferred to the VIOP System and closed to trading. The list of contracts which will not migrate to VIOP will be announced later.
- Contract codes of TURKDEX contracts which will migrate to VIOP will be converted to the existing contract code format of VIOP. Detailed announcement is planned to be made by early May.
- Following the transition period, order transmission for the contracts to be traded on the market will be made on VIOP API instead of VOB API, and also the trading front end known as VOBKE screens will be replaced with VIOP screens.
- Following the transition, all futures and options contracts market data will be provided through a single channel to data vendors

- Transfer of the positions and collaterals from the accounts at TURKDEX to the accounts at VIOP system will be completed in accordance with the principles to be declared by Takasbank.
- Following the merger portfolio based margining will be applied instead of contract based margining used at TURKDEX. Portfolio based margining will be handled by Takasbank using SPAN algorithm. The parameter file which is the basis for SPAN algorithm is announced by Takasbank on a daily basis.
- Risk management will be carried out in line with the procedure currently applied by VIOP, with no collateral checks at the time of trade, and post-trade collateral check by Takasbank. In order to control market risks, risk control may be applied at order entry in some special cases. Account based margins and margin calls will be calculated by Takasbank and advised to VIOP members.
- Following the merger, only brokerage houses will be authorized to trade single stock and index futures and options. Banks will not be authorized to trade in those 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.
- Member representatives authorized to trade on TURKDEX are required to participate in a one-day VIOP practical training program organized by Borsa İstanbul in order to trade at VIOP.
- Guarantee Fund amounts calculated for VIOP will be recalculated during the transfer of positions and collaterals for the accounts opened at TURKDEX, and there will be only one Guarantee Fund with Takasbank.
- VIOP maturity structure is reviewed in consideration of TURKDEX market applications, and the regulations on contract months will be further announced.
- Position limits of the contracts traded on TURKDEX are being reviewed in coordination with Takasbank.
- All members will be informed about the changes regarding the post-session bulletins and reports prior to the merger.

Sincerely,

İbrahim M. TURHAN
Borsa İstanbul Chairman & CEO

(Unofficial Translation)