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Document	Type	Announcement
	No	2021/30
	Subject	BISTECH Pre-Trade Risk Management (PTRM) Application Improvements and Changes in Market Procedures
	Date of Approval	02/04/2021
	From	Derivatives Market, Equities Market
	To	Members, Data Vendors and Independent Software Vendors (ISVs)

To Whom It May Concern,

Ref: a) Announcement dated 25/01/2021 and numbered 2021/02  
b) Announcement dated 22/02/2021 and numbered 2021/10  
c) Announcement dated 27/02/2020 and numbered 2020/13  
d) Announcement dated 25/10/2019 and numbered 2019/69

With the referenced announcements (a) and (b), BISTECH System 2.13 Release has been announced to go-live on 5th of April, 2021. Below Pre-Trade Risk Management improvements have been included in this release;

- Duplicate Order Limit to avoid repetitive orders
- Short Sell Limit to manage short sell orders in Equity Market
- Change of Reference Price in Price Tolerance Limit in Derivatives Market Evening Session
- Price Tolerance Limit for stop orders in Derivatives Market.

In this context, the Algorithmic Transactions and BISTECH PTRM / Pre-Trade Risk Management Procedure in the Equity Market (available in Turkish) and Derivatives Market Procedure (attached, available at <https://www.borsaistanbul.com/en/sayfa/4028/procedures>) have been updated. Previous PTRM improvements as announced with referenced documents (c) and (d) have also been included in the Algorithmic Transactions and BISTECH PTRM / Pre-Trade Risk Management Procedure in the Equity Market.

Kindly for your information.

Yours Sincerely,

Ali ÖMÜRBEK  
Executive Vice President

**Attachment:** Changes in Derivatives Market Procedure (6 pages)

## Attachment-2: Changes in Derivatives Market Procedure

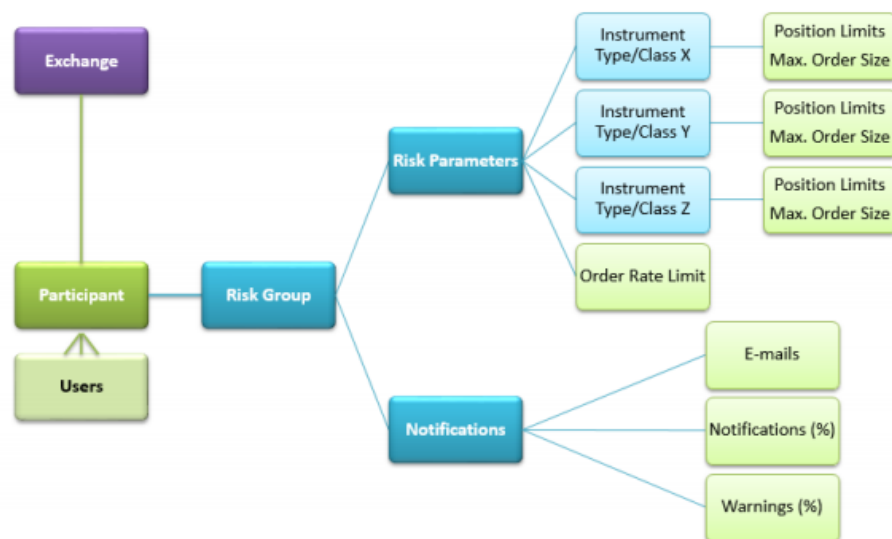
OLD TEXT	NEW TEXT
<p><b>APPENDIX-6: PRE-TRADE RISK MANAGEMENT</b></p> <p>...</p> <p>There is four-eyes control in configurations, except the below listed ones, of PTRM. Four-eyes functionality is configured by the Exchange if demanded by market participant. Market participant, if demand, can create a password with his read/write users and approve the configurations made by another write user of him.</p> <ul style="list-style-type: none"> <li>• Mass cancelling orders of all risk groups of market participant,</li> <li>• Mass cancelling orders of risk group,</li> <li>• Block/unblock of risk group,</li> <li>• Mass cancelling orders of user,</li> <li>• Removal of order rate limit in case of an order rate limit breach.</li> </ul> <p>Participants can instantly follow the connection status of their users included in risk groups by connection status area in PTRM.</p>	<p><b>APPENDIX-6: PRE-TRADE RISK MANAGEMENT</b></p> <p>...</p> <p>There is four-eyes control in configurations, except the below listed ones, of PTRM. Four-eyes functionality is configured by the Exchange if demanded by market participant. Market participant, if demand, can create a password with his read/write users and approve the configurations made by another write user of him.</p> <ul style="list-style-type: none"> <li>• Mass cancelling orders of all risk groups of market participant,</li> <li>• Mass cancelling orders of risk group,</li> <li>• Block/unblock of risk group,</li> <li>• <b><u>Unblock the breached instrument/instrument type/instrument class of risk group</u></b></li> <li>• Mass cancelling orders of user,</li> <li>• Removal of order rate limit in case of an order rate limit breach.</li> </ul> <p>Participants can instantly follow the connection status of their users included in risk groups by connection status area in PTRM.</p>
<p><b>APPENDIX-6: PRE-TRADE RISK MANAGEMENT</b></p> <p><b>2. RISK GROUP CHECKS (USER LIMITS)</b></p> <p>...</p> <p>PTRM provides below risk group checks:</p> <ul style="list-style-type: none"> <li>• Pre-Order Risk Controls</li> </ul>	<p><b>APPENDIX-6: PRE-TRADE RISK MANAGEMENT</b></p> <p><b>2. RISK GROUP CHECKS (USER LIMITS)</b></p> <p>...</p> <p>PTRM provides below risk group checks:</p> <ul style="list-style-type: none"> <li>• Pre-Order Risk Controls</li> </ul>

- Maximum Order Size
- Restricted Contracts
- Price Tolerance Limit

- Post-Order and At Trade Risk Controls
  - Order rate limitations
  - Intraday position limits

In addition to these functionalities all open orders of a risk group can be manually cancelled at once. Open orders can also be automatically cancelled at once when limits (Position Risk Limits and Order Rate Limits) set by the Market members in the PTRM application are breached or when the monitored user disconnects as described in detail under heading 2.3.

**Figure 2: Risk Group Checks**

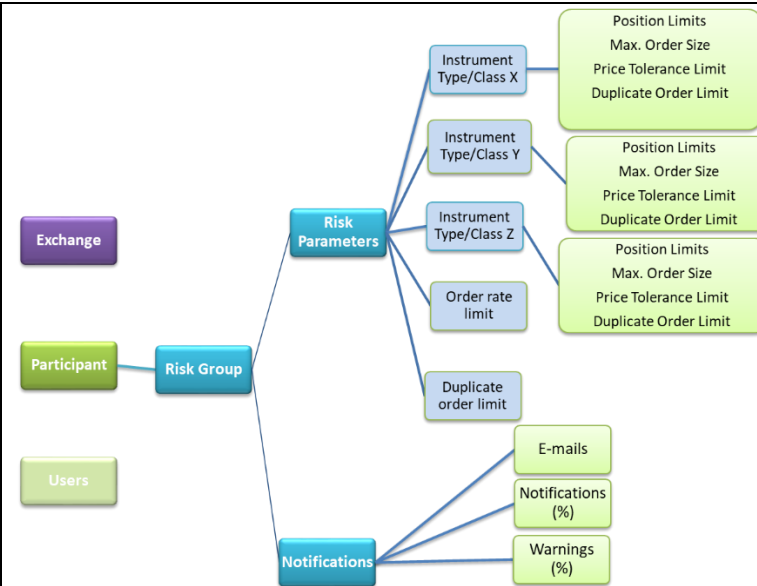


- Maximum Order Size
- Restricted Contracts
- Price Tolerance Limit

- Post-Order and At Trade Risk Controls
  - Order rate limitations
  - Intraday position limits
  - **Duplicate order limit**

In addition to these functionalities all open orders of a risk group **or of a user of a risk group** can be manually cancelled at once. Open orders can also be automatically cancelled at once when limits (Position Risk Limits, Order Rate Limits and Duplicate Order Limits) set by the Market members in the PTRM application are breached or when the monitored user disconnects as described in detail under heading 2.3.

**Figure 2: Risk Group Checks**



(Figure 2 is updated.)

## PRE-TRADE RISK MANAGEMENT

### 2. RISK GROUP CHECKS (USER LIMITS)

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#### 2.1.3 Price Tolerance Limit

Price tolerance limit shows the percentage limit for an order to be accepted. Orders outside of those limits are not accepted to the system. The following prices are taken into consideration while determining the price tolerance limits:

- Last trade price
- Base price

## PRE-TRADE RISK MANAGEMENT

### 2. RISK GROUP CHECKS (USER LIMITS)

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Price tolerance limit shows the percentage limit for an order to be accepted. Orders outside of those limits are not accepted to the system. The following prices are taken into consideration while determining the price tolerance limits:

- Last trade price
- Base price

<ul style="list-style-type: none"><li>• Best buy or best sell price</li><li>• Reference price</li></ul> <p>Orders, pending in the system, are not cancelled by PTRM in case they are out of limits because of price tolerance limit update or price movements.</p> <p><b>2.2 Post Order &amp; At Trade Risk Controls</b></p> <p>...</p>	<ul style="list-style-type: none"><li>• Best buy or best sell price</li><li>• Reference price</li></ul> <p><b><u>The priorities of the above reference prices are determined separately for the normal and the evening sessions</u></b></p> <p>Orders, pending in the system, are not cancelled by PTRM in case they are out of limits because of price tolerance limit update or price movements.</p> <p>.</p> <p><b>2.1.4.Duplicate order limit</b></p> <p><b><u>The number of orders for the same contract with the same quantity, price and direction (buy/sell) of a user in a certain period of time (in seconds) can be controlled with this limit. The limit can be defined on instrument class and/or instrument type, and applies to all the contracts under the related instrument class and/or instrument type. In case of a breach in the duplicate order limit on a contract, the related risk group is blocked on the instrument class/type of that contract and the users under the risk group are not allowed to submit new orders to the all contracts of that instrument class/type.</u></b></p> <p><b>2.2 Post Order &amp; At Trade Risk Controls</b></p> <p>...</p>
<p><b>PRE-TRADE RISK MANAGEMENT</b></p> <p><b>2. RISK GROUP CHECKS (USER LIMITS)</b></p> <p><b>2.4 Blocking Risk Groups</b></p> <p>There are three ways a Risk Group can be blocked:</p> <ul style="list-style-type: none"><li>• Automatically when risk group exceeds one of its position risk limits.</li><li>• Automatically blocked if the monitored user loses its connection</li><li>• Manually blocked by the Market member or by the Exchange</li></ul>	<p><b>PRE-TRADE RISK MANAGEMENT</b></p> <p><b>2. RISK GROUP CHECKS (USER LIMITS)</b></p> <p><b>2.4 Blocking Risk Groups</b></p> <p>There are three ways a Risk Group can be blocked:</p> <ul style="list-style-type: none"><li>• Automatically when risk group exceeds one of its position risk limits.</li><li>• Automatically blocked if the monitored user loses its connection</li><li>• Manually blocked by the Market member or by the Exchange</li></ul>

Automatically breached positions risk limits are unbreached automatically when the consumption falls below the configured limit or when the configured limit is increased by the Exchange or the Market member. A manual unblock is required to lift the block restriction arising from exceeding the order rate limit. If the blocked risk group is not unblocked manually during trading day, the blocked group will be unblocked automatically at the beginning of the next trading day.

If the monitored user has lost its connection, the group must be manually unblocked even if the monitored user is logged back in. Manual intervention is required to finish the blocking in case of disconnection of the monitored user, it is not enough to reconnect the monitored user.

A risk group can be blocked manually by the Market member or by the Exchange. Manually blocked risk group can be unblocked manually as well.

If the blocked risk group is not unblocked manually during trading day, the blocked group will be unblocked automatically at the beginning of the next trading day.

Users in a blocked risk group;

- New orders are rejected.
- Amendments are rejected.
- Order cancellations are allowed.
- Can connect to the system.
- Take broadcast and inquire.

Automatically breached positions risk limits are unbreached automatically when the consumption falls below the configured limit or when the configured limit is increased by the Exchange or the Market member. A manual unblock is required to lift the block restriction arising from exceeding the order rate limit. If the blocked risk group is not unblocked manually during trading day, the blocked group will be unblocked automatically at the beginning of the next trading day.

**If the risk group is breached due to the duplicate order limit, it can be unbreached in two ways. Either, the configured limit is increased by the Exchange or the Market member or a manual unblock is required to lift the block restriction arising from exceeding the limit. Otherwise, blocked group will be unblocked automatically at the beginning of the next trading day.**

If the monitored user has lost its connection, the group must be manually unblocked even if the monitored user is logged back in. Manual intervention is required to finish the blocking in case of disconnection of the monitored user, it is not enough to reconnect the monitored user.

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<p><b>2.5 Risk Group Parameter Changes</b></p> <p>...</p> <p>Risk parameters required for risk group checks can be changed intraday, but only certain actions are allowed intraday. Other actions will take effect on the next business day. The following changes can be made and are effective at any time:</p> <ul style="list-style-type: none"> <li>• Updating limit values (position limits, order rate limits, maximum order size, price tolerance limit)</li> <li>• Setting/Changing notice and warn percentages</li> <li>• Adding new e-mail alert recipient</li> <li>• Blocking and unblocking a risk group</li> <li>• Manually unblocking order rate breach</li> <li>• Turning on/off restricted contracts for a risk group</li> <li>• Mass cancellation of open orders of a risk group</li> </ul> <p>...</p>	<p><b>2.5 Risk Group Parameter Changes</b></p> <p>...</p> <p>Risk parameters required for risk group checks can be changed intraday, but only certain actions are allowed intraday. Other actions will take effect on the next business day. The following changes can be made and are effective at any time:</p> <ul style="list-style-type: none"> <li>• Updating limit values (position limits, order rate limits, maximum order size, price tolerance limit, <b><u>duplicate order limit</u></b>)</li> <li>• Setting/Changing notice and warn percentages</li> <li>• Adding new e-mail alert recipient</li> <li>• Blocking and unblocking a risk group</li> <li>• Manually unblocking order rate breach</li> <li>• Turning on/off restricted contracts for a risk group</li> <li>• Mass cancellation of open orders of a risk group</li> </ul> <p>...</p>
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**APPENDIX-6: PRE-TRADE RISK MANAGEMENT**

**2.5 Exceptions for Risk Group Checks**

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Stop Orders

Stop orders may have conditions to be triggered by price or by session. Until the condition is realized, these orders are untriggered. ~~Untriggered orders do not consume risk at the time of order entry. Risk consumption is calculated at the time of trigger for these orders. Price tolerance limit is not valid for stop orders.~~

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