

No: İMKB-2-GDD-010.06-02-

August 29, 2012

Subject : Listing and Trading Principles of Certificates

Circular No: 400
Equity Market
Listing Department

Esteemed Member,

A “Certificates Market” has been established under the Collective Products Market to allow certificates, which are warrant-like financial products, on İMKB Equity Market. The required software modifications were made on the Equity Market Trading System (System), consequently allowing certificates to be traded on the System as of July 6, 2012.

Just like warrants, certificates are financial products that impose a financial burden on issuers against the investor. The funds raised through issuing certificates are under the issuer’s personal financial responsibility. Therefore, it is important for the investor to consider factors such as financial status, payment capability, and credibility of the issuer.

While certificates shall be traded according to the same principles as warrants, with minor differences only, some trading rules may vary according to the type of certificate. Investors should pay special attention to especially such differences while trading certificates.

In accordance with the authority vested with İMKB Chairman by İMKB Board’s resolution no. 1486, dated June 29, 2012, and the provisions of the Capital Markets Board of Turkey’s (CMB) Communiqué Series III, No: 37 on the “Principles Regarding the Board Registration and Trading of Warrants” article 20, which stipulates “*Applications concerning Board registration of capital market instruments similar to warrants shall be accessed through the provisions of this Communiqué by analogy*”, the principles and procedures regarding the listing and trading of the certificates registered with the CMB on the “Certificates Market” under İMKB Collective Products Market in line with the said Communiqué’s article 16 on Trading Principles, are stipulated as herewith attached.

For your information and necessary action.

Sincerely,

İbrahim M. TURHAN
Chairman & CEO

Appendix:

Listing and Trading Principles of Certificates (13 pages)

.... / / 2012 Executive Vice Chairman: Mustafa Kemal YILMAZ

.... / / 2012 Executive Vice Chairman: Aydın SEYMAN

LISTING AND TRADING PRINCIPLES OF CERTIFICATES

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PRINCIPLES OF LISTING AND TRADING OF CERTIFICATES

This Circular stipulates the principles and procedures regarding the listing and trading of the certificates registered with the Capital Markets Board of Turkey (CMB) on İMKB “Certificates Market” under the Collective Products Market.

While the market rules, listing and data dissemination policy pertaining to certificates are the same as those of warrants traded on İMKB Warrant Market under the Collective Products Market to a large extent, there are nevertheless, some differences. This arrangement refers to both the similarities and differences.

I. LEGAL BASIS

This Circular is based on the following:

- Capital Markets Board of Turkey’s (CMB) Communiqué Series III, No: 37 on the Principles Regarding the Board Registration and Trading of Intermediary Institutions Warrants,
- Article 6 of İMKB Listing Regulations,
- Article 3 of İMKB Equity Market (Stock Market) Regulations

II. DEFINITIONS-ABBREVIATIONS

ABBREVIATIONS

Intermediary Institution: Brokerage houses and banks,

İMKB: İstanbul Menkul Kıymetler Borsası,

CMB : Capital Markets Board of Turkey,

Issuer: Certificate issuers,

CPM : Collective Products Market,

PDP: Public Disclosure Platform

DEFINITIONS

Certificate:

Structured financial products carrying the features of a security, which give the holder the right to claim redemption, subject to the occurrence of pre-determined conditions.

Knock-Out:

For certain types of certificates only, the case where the certificate loses its value and terminates when the price or value of the underlying asset reaches or exceeds the level pre-determined by the issuer, namely, barrier.

Barrier:

A barrier is the price or value level for the underlying asset or underlying indicator determined by the issuer, due to the knock-out feature of certain types of certificates. In the event that the price/value of the underlying asset/underlying indicator reaches or exceeds such level, that is, the barrier, the certificate will be void.

Turbo Certificate:

A turbo certificate is a security which depends on the price of the underlying asset or underlying indicator and which grants its holder the right to claim redemption at an amount equal to the difference between the underlying asset/indicator's final value and its strike price on the maturity indicated in the relevant circular. In the event that the value of the underlying asset/indicator reaches or exceeds the barrier during the term of the turbo certificate, it shall be terminated by the issuer by paying a residual value equal to "0" or an amount close to "0".

Discount Certificate:

A discount certificate is a capital markets instrument which offers the investor the opportunity to invest in an underlying asset or indicator at a discounted rate compared to the underlying asset's market price. In return of such discount, the investor agrees on a cap on the potential profit, and if the price of the underlying is above the cap level at maturity, the investor receives a cash amount corresponding to the cap level.

Bonus Certificate:

A bonus certificate is a capital markets instrument which is issued in order to encourage investors to acquire certificates rather than the underlying asset, and which guarantees a certain price as of the maturity, unless it falls below a pre-determined price.

Index Certificate:

An index certificate is a structured capital markets instrument that is priced in exact relation with the price of an underlying asset or value of an indicator and which gives its holder the right to claim redemption at an amount calculated at a certain conversion rate (e.g. 1/100) and/or foreign currency rate.

The definitions given above are general definitions only, and in practice, certificates issued may have different definitions or specifications. It is important for investors to pay attention to the features and risks of the certificates specified in the prospectus and circular prepared by the issuer.

Underlying Asset:

Underlying asset refers to all the equities included in İMKB 30 Index and/or a basket comprised of some of the equities included in İMKB 30 Index.

Underlying Indicator:

Underlying indicator refers to the equity indices calculated by İMKB.

Other Underlying Assets and Indicators:

Subject to the approval of the Capital Markets Board of Turkey, in addition to the underlying assets and indicators cited above, convertible currencies, precious metals, commodities, and internationally accepted indices may also be used as underlying for certificates.

Residual Value:

Residual value refers to the amount payable to the investors in the case of the knock-out of a certificate, provided that it is specified in the circular. Such amount shall be calculated by the issuer, and may not be paid in all issues.

Conversion Rate:

Conversion rate refers to the ratio showing the number of underlying assets that one certificate corresponds to.

Market Making:

Market making is a special trading activity which is carried out by authorized members in order to ensure the fair, orderly and efficient operation and to add to the liquidity of the market of a certificate.

Market Maker Member (Market Maker):

Market maker refers to an İMKB member intermediary institution that is authorized by İMKB and responsible for giving quotations in order to ensure that the market for the certificates for which it is responsible function in an orderly, fair and efficient manner, and to ensure that a liquid and continuous market is created.

Quotation (Market Maker's Buy-Sell Quotation):

A two-way order type which a market maker enters İMKB Equity Market trading system in order to ensure liquidity, and which contains the price at which and the amount that the market maker is ready to buy or sell a security.

III. APPLYING TO İMKB AND İMKB LISTING REQUIREMENTS

The rules for applying to İMKB and İMKB listing requirements for warrants prevail for certificates.

For certificate issues, "application and information form for trading" herewith attached, signed by the intermediary institution or the issuer, and the issue table whose format is determined by İMKB and is herewith attached, shall be submitted to İMKB in soft copy.

IV. DELISTING AND DISMISSAL FROM THE MARKET FOR CERTIFICATES

Certificates traded on İMKB shall be delisted or dismissed from the relevant market for an indefinite term in the event that:

- a) They expire,
- b) The underlying asset of the certificate is delisted due to reasons such as merger, transfer or other reasons, with the exception of certificates based on a basket or an index.

Certificates which expire, or whose early expiration is accepted by İMKB Executive Council upon the application by the issuer due to difficulty of hedging which arises from liquidity loss in the underlying company/asset or which reach knock-out level (only if such cases are provided for in the relevant prospectus and circular) shall be automatically delisted or dismissed from the relevant market, without any further procedures.

V. GENERAL RULES

- a) **Name of Market:** “Certificates Market” under the Collective Products Market (CPM).
- b) **Feature Code:** The feature code is “C”. For default certificates, “TC”, for auction certificates “MC”, and for Wholesale Market “LC” feature codes are used. No separate primary market shall be opened for certificates.
- c) **Trading Hours:** The trading hours of certificates are the same as those of warrants.
- ç) **Base Price:** There is no base price.
- d) **Price Margin:** There is no price margin. However, as in the case of warrants, trades are realized within the range of or at the quotations given by the market maker.
- e) **Price Limits:** Since there is no base price, no upper or lower price limits are applied. As in the case of warrants, trades are realized within the range of or at the quotations given by the market maker.
- f) **Price Tick:** As in the case of warrants, price ticks are 1 kurush for each price level.
- g) **Lot:** Lot size is 1.
- ğ) **Maximum Lot:** The maximum lot shall be determined by the Equity Market Department.
- h) **Maximum TL:** The maximum order amount that can be entered into the System at once is the same as the Equity Market.
- ı) **Primary Market:** No primary market is opened for certificates.
- i) **Rights Coupon Market:** No rights coupon market is opened for certificates.
- j) **Exchange Fee:** The exchange fee and other fees applied in the Warrant Market prevail in the Certificates Market. However, as in the case of warrants, a 50% deduction shall be applied on the fees for the trades realized at the market maker member’s quotations. In the case of order cancellations or order worsening, the rules applicable for warrants shall be valid.
- k) **Settlement:** Settlement of certificates shall be realized on the second day that follows the trade (T+2).
- l) **Erroneous Order Correction Notices:** In accordance with the Equity Market arrangements, notification shall be given to correct erroneous orders.
- m) **Account Number, Reference Number and Agency Fund Code:** The method applicable to equities prevails.
- n) **Index:** Certificates are not included in any index calculation.
- o) **Off-Exchange Odd-Lot Trades:** Not applicable.
- ö) **Opening Session and Closing Session:** Certificates are not included in these sessions.

VI. ORDER-TRADING RULES

- a) **Order Types:**
 - Normal Orders (*Equity Market rules prevail*):
 - Limit Orders

- Immediate or Cancel Orders
- Special Limit Orders
- Special Limit Value Orders
- Special Orders (*Warrant trading rules prevail for special orders*)
- Margin Trading: Certificates may not be subject to margin trading.

- b) Order Splitting:** Warrant Market rules prevail.
- c) Order Modification:** Warrant Market rules prevail.
- ç) Order Cancellation:** Warrant Market rules prevail.
- d) Order Validity Period:** Warrant Market rules prevail.
- e) Client/Portfolio/Fund Distinction:** Equity Market rules prevail.
- f) Trading (Matching) Rules:** Equity Market rules prevail.
- g) Order Correction:** Equity Market rules prevail.
- ğ) Order Cancellation:** Equity Market rules prevail.
- h) Charges for Order Modification and Cancellations:** Warrant Market rules prevail.
- ı) Quotation Entry and Modification Rules:** Warrant Market rules prevail.
- i) Automatic Initial Quotation:** None.
- j) Automatic Quotation:** Warrant Market rules prevail. Stops when a price quotation is entered.
- k) Price Quotation:** Warrant Market rules prevail.

VII. MARKET MAKING

Certificates, like warrants, are traded with continuous auction with market maker method. Market making rules for certificates are the same as those for warrants, unless otherwise specified.

VIII. KNOCK-OUT OF CERTIFICATES

For certificates with knock-out feature, in the event that the underlying asset or indicator reaches or exceeds the knock-out level announced by the issuer in advance, such capital markets instrument shall terminate and be automatically delisted without being subject to any further procedures. In such case, the market maker shall immediately fill the attached “Warrant/Certificate Suspension/Delisting Form” and send it to İMKB Equity Market Department. İMKB shall suspend the certificates indicated in the suspension/delisting form.

In the case of a knock-out, the issuer shall announce the certificates that have gone knock-out, the underlying assets that have reached the barrier, and if any, the residual value payable, on the Public Disclosure Platform. Such certificates shall be automatically delisted, the issuer shall calculate the residual value if any, and shall transfer such amount to the issuer in no more than five business days (T+5).

In knock-out cases, monitoring whether the underlying asset has reached the barrier or not, and accuracy of the information contained in the “Warrant/Certificate Suspension/Delisting Form” are under the issuer’s responsibility. İMKB shall not stop trading certificates at its own option, without receiving a notification from the issuer or the market maker in charge.

If the underlying asset reaches the barrier level once but goes back to a level away from the barrier, it will still be knocked-out. Investors should remember and consider that knock-out may arise from momentary price fluctuations. Furthermore, if the underlying asset is traded on a platform other than İMKB, knock-out may occur outside İMKB’s trading hours. In such a case, the market maker or the issuer shall immediately notify İMKB of the knock-out.

IX. CAPITAL INCREASE, DIVIDEND PAYMENTS, STRIKE AND BARRIER ADJUSTMENTS

The issuer shall be responsible for adjusting the trading price, knock-out and barrier price-level/ conversion rate in case of capital increases, dividend payments, and merger/acquisitions. The issuer shall announce the new price/conversion rate on the Public Disclosure Platform and on its own web site. Such information shall not be updated on İMKB trading system.

X. TICKER CODE

Two codes, one short, and the other long, are used for certificates. These codes shall be determined and announced by İMKB.

Short Code -1:

The short code is alphanumeric and consists of 5 characters. The first character is a letter denoting the issuer. The following two characters are also letters, denoting the underlying asset/indicator.

TICKER CODE					FEATURE	
1	2	3	4	5	6	7
X	A	B	C	-

Above is the short code of a certificate based on ABCDE. The first letter represents the issuer, followed by “A” and “B”, representing the underlying asset/indicator. If the underlying asset/indicator consists of more than one equity, i.e. a basket, the following two letters shall be “SP”. For certificates based on an index, the following two characters are OZ for XU030, EL for XU050, and YZ for XU100.

The two characters that succeed are letters between A – Z (letters Ç, İ, Ö, Ğ, Ş, Ü are not used). As for the first character the letters between A – O are used for long certificates whereas the letters between P – Z are used for short certificates. For long certificates, the last two letters start with AA and end with OZ . For example; AB, AC, AD, BA, BB, BC, ..., OA, OB, OC....OZ .

For short certificates, the last two letters start with PA and end with ZZ. For example; PA , PB , PC , ..., ZA , ZB , ZCZZ.

Short Code Format - II:

CERTIFICATE CODE					FEATURE	
1	2	3	4	5	6	7
A	B	0	0	1	C	-

Above is the short code of a certificate on ABCDE.E stock. Following “A” and “B” that denote ABCDE.E, there are figures between 001 and 999.

Short Code Format - III:

CERTIFICATE CODE					FEATURE	
1	2	3	4	5	6	7
A	B	0	1	X	C	-

Following “A” and “B” that denote ABCDE.E, there are figures between 01 and 99, succeeded by a letter representing the issuer.

Long Code:

The long code of certificates consists of 25 characters (excluding spaces) and its content is as follows:

UNDERLYING					T	MATURITY						ISSUER				MULTIPLIER							REF						
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
X	U	0	3	0	L/S/ X		D	D	M	M	Y	Y			Z	Y	X		0	0	0	0	0	0	0		R	R	R

No	Field	Length	Description
1	UNDERLYING	5	The underlying asset is displayed; for example, “XU030” for İMKB 30 Index. Names shorter than five characters are completed with spaces.
2	TYPE	1	For certificates, “L” is used for long, and “S” for short. For others, “X” is used.
3	MATURITY	6	Shows the maturity of the certificate and is expressed as DDMMYY format. If there is no maturity or if the maturity is not certain, the expression “ACIKUC” shall be used in this field.
4	ISSUER	3	A three-character code which expresses the issuer. For example, ZYX for ZYX Securities.
5	MULTIPLIER/ CONVERSION RATE	7	Stands for the rate showing the number of underlying assets that one certificate corresponds to.
6	REFERENCE	3	The first letter shows the settlement method (N: Cash, K: Registered) The second and third letters show the kind of the certificate (T: Turbo, I: Index, D: Discount, B: Bonus, S: Basket, G: Guarantee, etc.)

The abbreviations for the reference field and their meanings are as below. The following table may be revised or extended by the Equity Market Department. Such additions and revisions shall enter into force upon being announced in the Public Disclosure Platform.

CLASS ACCORDING TO FEATURE	ABBREVIATION
BONUS	B
TURBO	T
GUARANTEE	G
DISCOUNT	D
OUTPERFORMANCE	P
INDEX	I
EXPRESS	E
TWIN-WIN	W
REVERSE CONVERTIBLE	R

XI. DATA DISSEMINATION

In line with İMKB’s current data dissemination policy, the rules governing data dissemination of warrants prevail for certificates.

XII.SUSPENSION OF TRADING OF CERTIFICATES

For certificates based on equities, in the event that the underlying equity is suspended, all certificates based on such equity shall be suspended as well.

- In the case of certificates based on more than one equity, that is, a basket, trading of the certificate based on the relevant basket shall also be suspended if any of the equities included in such basket is suspended.
- In the case of certificates based on an index, even if one or more equities included in the index is/are suspended, the certificate shall continue to be traded. As long as the index continues to be calculated, the certificate shall continue to be traded, however, trading of the certificate may be suspended if the index calculation is interrupted.
- Market maker may request İMKB management to suspend the certificates for which it is registered, due to the occurrence of a trouble or for the purpose of protecting investors’ interests. İMKB management shall evaluate such application.
- Should the market maker’s operations be suspended or terminated upon approval of the Board, or should the market maker be determined by the Board to have lost the requirements for market making, or should the market maker change due to reasons acceptable by the Board, trading of the relevant certificate shall be suspended until a new market maker is appointed by the Board. Following suspension, unless a new market maker is assigned within the period envisaged by the Communiqué (and unless the Board takes a new decision to assign a new market maker) the suspension shall continue until the expiry date of the certificate.

- In the event that the certificate issuer fails to fulfill its obligations regarding any certificate, goes bankrupt, or applies for the liquidation of its assets, all certificates issued by such issuer shall stop being traded.
- Provided that it is stipulated in the prospectus and/or circular by the issuer, no quotation shall be given or trading of the certificate shall be suspended on those days that the markets of the underlying asset are closed, or on bank holidays of the country where the issuer operates. This rule applies for warrants as well.

XIII. MARGIN TRADING

Certificates may not be subject to margin trading and short selling.

XIV. COLLATERAL

Members willing to engage in market making in certificates must deposit collateral called “Certificate Market Making Collateral” at an amount of ₺ 500,000 on behalf of the issuer. Warrant or certificate market maker members that provide such collateral may also engage in warrant and/or certificate brokerage activities.

XV. BULLETINS

- Temporary Closing Bulletin:** Information pertaining to certificates is provided in the Temporary Closing Bulletin, in a way similar to warrants.
- Daily Bulletin:** Information pertaining to certificates is provided in the “Certificates Market” page under the title Collective Products Market.

Equity Market Department, if deems necessary, may make changes in the display of certificates and warrants in both the Temporary Closing Bulletin and the Daily Bulletin, provided that such change is announced in the Public Disclosure Platform in advance.

XVI. MISCELLANEOUS

İMKB Warrant Market and Equity Market arrangements shall be applied in analogy for the trading rules and other issues that are not regulated by this Circular.

Subjects that are not clearly stipulated in the prospectus and circular of the certificates issued may be applied, provided that they are in conformity with the related arrangements of the Equity Market and Listing Departments.

APPENDIX - 1 SUSPENSION FORM

WARRANT/CERTIFICATE SUSPENSION REQUEST FORM

I) **SUSPENSION REQUEST DUE TO: TECHNICAL BREAKDOWN INCORRECT PRICE QUOTATION** **OTHER**

All warrants/certificates to be suspended

Warrants/certificates with the following underlying assets to be suspended

The following warrants/certificates with the following codes to be suspended

1		6	
2		7	
3		8	
4		9	
5		10	

II) **SUSPENSION/DELISTING DUE TO KNOCK-OUT**

The following warrants/certificates with the following codes to be suspended/delisted due to knock-out

1		6	
2		7	
3		8	
4		9	
5		10	

Authorized applicant for suspension/delisting

Name:

Name:

Title:

Title:

Signature:

Signature:

e-mail address for application

paypiyasaki@imkb.gov.tr

Telephone numbers for confirmation	212 298 2473 – 212 298 2185 – 212 298 2680
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**APPENDIX-2 APPLICATION AND INFORMATION FORM FOR TRADING
TO İSTANBUL MENKUL KIYMETLER BORSASI**

CMB Registration No. and Date	
Issuer	
Kind of Certificate	
Type of Certificate (Long/Short/Other)	
Quantity of Certificates (Quantity Issued)	
Nominal Value	
Issue Price	
Latest Trading Date	
Residual Value (Yes/No)	
Date of Issue	
Maturity	
Settlement Method (registered or cash)	
Settlement Date	
Exercise Price/Level (for indices)	
Conversion Rate/Index Multiplier	
Market Maker	
Barrier	
Authorized Intermediary Institution	
ISIN Code	
Underlying Security/Index Code	
Authorized Person tel. no.	
Number of certificates registered by CMB and that may be issued after this issue	

We hereby state that the information on the above detailed certificates is true and is the same as the information provided to İMKB in soft copy, that there are no legal obstacles preventing the circulation of these certificates, that the investors have been provided with information on the nature and risks of these certificates, and that, we shall otherwise be responsible for any legal consequences that may arise. In consideration of the foregoing, we hereby apply for the trading of the above certificates on İMKB.

SIGNATURE
Name of Authorized Person

SIGNATURE
Name of Authorized Person

Appendices:

1. Approved Circular
2. Signature Circular
3. Issuance Table

