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# BORSA İSTANBUL A.Ş.

## DIRECTIVE ON DEBT SECURITIES MARKET

ISTANBUL – 2016

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**FIRST PART  
General Provisions**

**FIRST SECTION  
Purpose, Scope, Grounds, Definitions and Abbreviations**

**Purpose**

**ARTICLE 1-** (1) The purpose of this Directive is to regulate the operational principles and rules of Borsa İstanbul A.Ş. Debt Securities Market.

**Scope**

**ARTICLE 2-** (1) This Directive sets down the order and trading rules regarding trading of debt securities, securitized asset and income backed debt securities, lease certificates, liquidity bills, real estate certificates and other capital market instruments decided by the Board to be traded in Debt Securities Market, as well as operational principles of markets, sub-markets or systems where outright purchases, outright sales, sale with a commitment to repurchase in committed transactions, purchase with a commitment to resell in committed transactions, repo and reverse repo transactions are executed.

**Grounds**

**ARTICLE 3-** (1) This Directive is issued in reliance upon Borsa İstanbul A.Ş. Regulation on Principles Relating to Exchange Activities promulgated in the Official Gazette edition 29150 on 19/10/2014.

**Definitions and Abbreviations**

**ARTICLE 4-** (1) For the purposes and in the context of this Directive:

- a) “Exchange” stands for Borsa İstanbul Anonim Şirketi (Borsa İstanbul); and
- b) “Exchange Regulation” stands for Borsa İstanbul A.Ş. Regulation on Principles Relating to Exchange Activities; and
- c) “GDDS” stands for the government domestic debt securities; and
- ç) “CEO” stands for Chief Executive Officer (General Manager) of Borsa İstanbul A.Ş.; and
- d) “Executive Management” stands for CEO of Borsa İstanbul A.Ş. or the relevant Executive Vice President; and
- e) “Treasury” stands for the Ministry of Treasury and Finance of the Republic of Türkiye; and
- f) “PDP” stands for Public Disclosure Platform; and
- g) “Dirty price” refers to price also containing accrued interest or accumulated rent; and
- ğ) “CMB” stands for the Capital Markets Board; and
- h) “Liquidity bills” refers to monetary policy instruments issued on behalf of CBRT within the frame of CBRT open market operations; and
- ı) “CSD” stands for Merkezi Kayıt Kuruluşu Anonim Şirketi (Central Securities Depository of Türkiye); and
- i) “Sub-market” refers to an electronic trading environment created in Debt Securities Market Trading System according to types, operational principles or other defined specifications of investment instruments traded therein; ( tn: while stating a specific ”sub-

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market”, the word “Market” is used rather than “sub-market” in the title. For instance, “Watchlist Market” is used instead of “Watchlist sub-market”.) and

- j) “Market” stands for Borsa İstanbul Anonim Şirketi Debt Securities Market; and
- k) “Repo” refers to sale with a commitment to repurchase capital market instruments; and
- l) “Committed transactions” refers to sale with a commitment to repurchase or purchase with a commitment to resell where the traded capital market instrument is predetermined, and a third party having the right of withdrawal is involved at the ending value date of transaction; and
- m) “Takasbank” stands for İstanbul Takas ve Saklama Bankası Anonim Şirketi (Istanbul Settlement and Custody Bank); and
- n) “Settlement price” refers to the price used in calculating settlement value of transaction; and
- o) “CBRT” stands for Türkiye Cumhuriyet Merkez Bankası Anonim Şirketi (Central Bank of the Republic of Türkiye); and
- ö) “Clean price” refers to price excluding accrued interest or accumulated rent; and
- p) “Reverse repo” refers to purchase with a commitment to resell capital market instruments; and
- r) “Member” refers to an investment firm authorized to trade at Debt Securities Market; and
- s) “Value Date” refers to settlement date of transactions at Debt Securities Market; and
- ş) “Board” stands for Board of Directors of Borsa İstanbul Anonim Şirketi.

## SECOND SECTION

### Institutions Authorized to Trade, Representatives, Markets Operated

#### Institutions Authorized to Trade

**ARTICLE 5-** (1) Investment firms authorized to trade as per the Exchange Regulation and other Exchange regulations, as well as CBRT are authorized to trade in Debt Securities Market.

#### Representatives

**ARTICLE 6-** (1) Those who fulfil the required conditions as per the Exchange Regulation and other Exchange regulations pertaining thereto may trade as representatives in Debt Securities Market.

#### Sub-Markets

**ARTICLE 7-** (1) The following sub-markets are operated within Debt Securities Market:

- a) Outright Purchases and Sales Market
- b) Repo and Reverse Repo Market
- c) Repo Market for Specified Securities
- ç) Equity Repo Market
- d) International Bonds Market
- e) Committed Transactions Market
- f) Watchlist Market
- g) Offering Market for Qualified Investors

## **SECOND PART**

### **Sub-Markets**

#### **FIRST SECTION**

#### **General Operational Principles**

##### **Eligible Capital Market Instruments**

**ARTICLE 8-** (1) Capital market instruments are traded in the Market within the frame of principles of the listing regulation.

(2) Eligible capital market instruments tradable in the sub-markets are determined by the Board separately for each market.

(3) The Board may decide not to trade specific capital market instruments already traded in the Market on sub-market basis.

(4) Capital market instruments issued by CBRT, the Treasury, asset lease companies founded by the Treasury, and asset lease companies founded by public capital institutions assigned by the Treasury start to be traded in the related market with effect from the date of issue or if they are issued by auction / direct sale, with effect from the moment the results of sale are announced. Capital market instruments with stripped coupons / rent payments may be subject to separate trades as principal and coupon / rent payments as stripped in the Market, and cannot be traded together.

(5) Trading date of capital market instruments other than those specified in fourth paragraph hereof is made public via PDP.

(6) Capital market instruments issued in Exchange or over-the-counter markets without public offering may be traded in Debt Securities Market only between qualified investors as defined in the CMB's regulations. This condition is met and satisfied by the trading investment firms.

##### **Order and Trade Types**

**ARTICLE 9-** (1) Outright purchases, outright sales, repo, reverse repo and committed transaction orders and trade report orders and indicative quotes may be submitted to sub-markets within the Market.

(2) Primary market trades, outright purchases, outright sales, repo, reverse repo transactions and committed transactions may be executed in the Market.

##### **Order Types**

**ARTICLE 10-** (1) Three types of orders, namely limit order, market order and imbalance order may be submitted in the Market.

(2) Limit orders are submitted for outright purchases and outright sales by stating price or yield and nominal amount, and for repo and reverse repo and committed transactions by stating rate, trading value, and definition and price of capital market instrument depending on the market to which order is submitted.

(3) Market orders are submitted for outright purchases and outright sales by stating nominal amount without reference to price or yield, and for repo and reverse repo and committed transactions by stating transaction value and definition of capital market instrument depending on the market to which order is submitted, without reference to rate and price of capital market instrument depending on the market to which order is submitted. Market order

may be partially or fully met by passive orders existing in the system. Non-executed portion of market order is automatically cancelled.

(4) Where single price method is applied, imbalance order is a type of order which is not taken into consideration in the process of determining equilibrium price, but may be converted to a trade by being matched by remaining orders unmet at the matching price level. These types of orders may be matched by market orders or limit orders, and may also be matched by each other when orders remaining at the matching price level are finished or in case of lack of any orders remaining at the matching price level. Imbalance order is submitted for outright purchase and outright sale transactions by stating nominal amount without reference to price or yield. The remaining portion of an imbalance order unmet at the matching price level is cancelled automatically.

(5) Orders may further be submitted under the special conditions defined below for use together with limit order, market order or imbalance order.

a) Fill and kill order: The condition that the unmatched part of an order is to be cancelled as of the time the order is submitted.

b) Fill or kill order: A condition to fill the order completely. If not filled completely as of the time the order is submitted, order is fully cancelled.

(6) Which of the order types will be used is determined and decided by the Board depending on trading method, market, capital market instrument, value date and trading hours within the frame of the principles set forth in this Directive.

### **Order Sizes**

**ARTICLE 11-** (1) In the sub-markets within the Debt Securities Market:

a) Orders for outright purchases and outright sales are submitted in the form of nominal amount of capital market instruments traded therein, and

b) Orders for repo and reverse repo and orders for committed transactions are submitted in the form of minimum order quantity and its multiples over the principal of trade.

(2) Minimum and maximum order sizes to be applied in the markets within the Debt Securities Market are determined by the Board.

### **Order Alterations**

**ARTICLE 12-** (1) Orders that are submitted to the Market but are not matched and remaining portions of partially matched orders may be changed. However, account type, account code and account number fields of an order cannot be changed. Where single price method is applied, orders may not be changed during the matching stage.

(2) In Outright Purchases and Sales Market, International Bonds Market, Watchlist Market and Offering Market for Qualified Investors, order loses its priority in case of changes in order price or yield or increase in nominal amount thereof. However, changes in information field and/or reduction in nominal amount do not lead to loss of order priority.

(3) In Repo and Reverse Repo Market and Equity Repo Market, order loses its priority in case of changes in rate of order or increase in quantity thereof. However, changes in information field and/or reduction in quantity do not lead to loss of order priority.

(4) In Repo Market for Specified Securities and Committed Transactions Market, order loses its priority in case of changes in rate of order or in price of capital market instrument or increase in quantity thereof. However, changes in information field and/or reduction in quantity do not lead to loss of order priority.

### **Validity and Cancellation of Orders**

**ARTICLE 13-** (1) Orders that are submitted to the Market but are not matched and

remaining portions of partially matched orders may be cancelled. However, where single price method is applied, orders may not be cancelled during the matching stage.

(2) Deadlines of validity of orders with same value date and same starting value date and orders with future value date and future starting value date are to be determined by the Board . Unfilled orders until the determined deadline are cancelled.

### **Cancellation and Rectification of Trades**

**ARTICLE 14-** (1) Trades executed in the Market may be cancelled within the frame of Article 33 of the Exchange Regulation.

(2) Codes of practice regarding cancellation of trades executed in reliance upon orders erroneously transmitted by a Member or the Exchange personnel are to be determined by the Board. Principles regarding rectification of trades executed in reliance upon orders erroneously transmitted are to be determined by Takasbank.

(3) Primary market trades executed in the Market may, in addition to the first paragraph hereof, be cancelled within the frame of additional rules to be determined by the Board.

(4) Trades may be cancelled or rectified in accordance with the operation hours applied by Takasbank. Cancellation and rectification requests may not be accepted after the starting time of netting operations determined by Takasbank.

### **Value Date**

**ARTICLE 15-** (1) In the sub-markets within the Debt Securities Market, orders for outright purchases and outright sales may be transmitted with same value date or future value date, while orders for repo and reverse repo and orders for sale with a commitment to repurchase or purchase with a commitment to resell may be transmitted with same starting value date or future starting value date.

(2) Value term to be applied on the basis of sub-markets and capital market instruments is to be determined by the Board.

### **Trading Hours**

**ARTICLE 16-** (1) Trading hours to be applied in the sub-markets within the Debt Securities Market are to be determined by the Board.

### **Order Submission, Trading Methods, Priority and Matching Rules**

**ARTICLE 17-** (1) Representatives of investment firms trading in the Market submit their orders via trading system terminals or remote access interface.

(2) Investment firms may execute trades by filling their own orders transmitted to the trading system.

(3) In the case of entry of an order on behalf of customer, the code configured for customer account type and account code fields in “Order Entry” window is required to be chosen, and information identifying the customer is required to be entered into account number field.

(4) “Single price” and “multiple price” trading methods are applied in trading of capital market instruments.

a) Single price method is a method wherein orders submitted for a particular capital market instrument are collected by the Exchange through predetermined time periods, and are then matched over a single trading price determined in accordance with priority rules and in such manner to reach the maximum trading quantity by being repeated once or more than once during the day. In the course of this method, bid/ask orders are submitted to the system within the frame of predetermined rules, and are not executed throughout the order collection time,

and accordingly, orders submitted to the system may be cancelled or changed throughout the order collection time. After the end of order collection time, a single price (equilibrium price) ensuring execution of the maximum trading quantity is determined and announced. Then, in the matching process after the end of order collection time, all trades are executed over this single price according to the rules of priority. Rules relating to determination of equilibrium price are determined by the Board.

b) Multiple price method is a method wherein orders submitted for a particular capital market instrument are matched over different price levels continuously during the trading period determined by the Exchange in accordance with priority and trading rules. Bid/ask orders are submitted within the frame of predetermined rules, and may be converted into trades by being matched fully or partially with other orders existing in the system as of the moment of submission within the frame of the rules of priority.

(5) In the sub-markets, orders may be matched in accordance with principles of single price or multiple price methods. Within the frame of the principles specified in this Directive, in matching of orders, the trading method to be used shall be determined by the Board depending on the market, traded capital market instrument, value date and trading hours.

(6) In Outright Purchases and Sales Market, International Bonds Market, Watchlist Market and Offering Market for Qualified Investors:

(a) Orders with the highest price have priority in bid side, while orders with the lowest price have priority in ask side. Time priority rule is applied in case of orders with the same price.

(b) Outright purchase orders are matched with outright sale orders with the same or lower prices, while outright sale orders are matched with outright purchase orders with the same or higher prices. In matching where price equality is lacking, price of the order previously entered into the system is taken and treated as transaction price.

(7) In Repo and Reverse Repo Market and Equity Repo Market:

(a) Orders with the highest rate have priority in repo orders, while orders with the lowest rate have priority in reverse repo orders. Time priority rule is applied in case of orders with the same rate.

(b) Repo orders are matched with reverse repo orders with the same or lower rates, while reverse repo orders are matched with repo orders with the same or higher rates. In matching where rate equality is lacking, rate of the order previously entered into the system is treated as transaction rate.

(8) In Repo Market for Specified Securities and Committed Transactions Market:

(a) In repo orders and in sale orders with a commitment to repurchase in committed transactions, respectively orders with the highest rate, the lowest capital market instrument price have priority, while in reverse repo orders and in purchase orders with a commitment to resell in committed transactions, respectively orders with the lowest rate, the highest capital market instrument price have priority. Time priority rule is applied in orders with the same rate and the same capital market instrument price.

(b) Repo orders are matched with reverse repo orders with the same or lower rates and with the same or higher capital market instrument prices, while reverse repo orders are matched with repo orders with the same or higher rates and with the same or lower capital market instrument prices. In matching where rate and price equality are lacking, rate and price of the order previously entered into the system are treated as transaction rate and price.

(c) Sale orders with a commitment to repurchase in committed transactions are matched with purchase orders with a commitment to resell in committed transactions with the same or lower rate and with the same or higher capital market instrument price, while purchase orders



with a commitment to resell in committed transactions are matched with sale orders with a commitment to repurchase in committed transactions with the same or higher rate and with the same or lower capital market instrument price. In matching where rate and price equality are lacking, rate and price of the order previously entered into the system are treated as transaction rate and price.

(9) Where single price method is applied, within the frame of the single price method principles specified in this Directive, and depending on the order types that may be transmitted, the Board may determine different principles for application of price priority and time priority rules.

(10) If and when deemed necessary by the CEO, in repo markets where CBRT trades within the frame of open market operations, orders may be transmitted by CBRT to the system prior to market opening time. Orders may not be submitted to the system by members other than CBRT within said time period.

#### **Registration of Prices and Trades, Notification to Parties, and Announcement**

**ARTICLE 18-** (1) Principles regarding registration in the Exchange of prices and quantities of trades executed in the Market are to be determined by the Board.

(2) Information on trades executed in the Market is notified to the parties thereto via electronic media within the frame of the principles determined by the Board.

(3) Information on prices and quantities of trades registered in the Exchange is announced in Exchange Bulletin in the same day.

(4) The Exchange Bulletin contains information about the registered lowest, highest and weighted average prices, simple and compound interest rates, trading value and number of contracts.

#### **Publishing Information on Orders and Trades**

**ARTICLE 19-** (1) Information on trades executed in the Market, and depth information relating to orders pending in the system on the basis of capital market instruments, are published instantaneously or with delay in trading screens, and in platforms operated by data vendors contracted by the Exchange, and in other electronic media that may be deemed appropriate by the Board.

(2) Where single price method is applied, order depth information relating to orders pending in the system is not published.

(3) Information on orders and trades to be published, and contents of said information, and electronic media to be used for publishing, and frequency of update of information published as above are to be determined by the Board.

#### **Calculation Methods, Price Types and Price, Yield and Rate Ticks**

**ARTICLE 20-** (1) Price types, price or yield calculation methods, and price, yield and rate ticks to be applied in the markets within the Debt Securities Market are to be determined by the Board.

### **SECOND SECTION**

#### **Outright Purchases and Sales Market**

##### **Operations of Outright Purchases and Sales Market**

**ARTICLE 21-** (1) In Outright Purchases and Sales Market, outright purchases and outright sales of capital market instruments are executed with same value date or future value date.



(2) Outright purchases, outright sales and trade report orders may be submitted to Outright Purchases and Sales Market.

(3) Trade report is submitted by selecting a counterparty investment firm for trading and by giving such information as nominal amount, price/yield, value date and definition of capital market instrument. A trade report submitted to the system is seen only by counterparty investment firm selected for trading.

(4) Capital market instruments determined by the Board may be traded in Small Orders Market or Normal Orders Market within the Outright Purchases and Sales Market depending on the size of the orders.

(5) In this market, orders are submitted over clean price, dirty price, settlement price or yield as determined by the Board depending on capital market instruments.

(6) Orders relating to foreign currency denominated capital market instruments are given in the currency the related securities are issued.

### **Capital Market Instruments Tradable in Outright Purchases and Sales Market**

**ARTICLE 22-** (1) In Outright Purchases and Sales Market, Turkish Lira or foreign currency denominated debt securities, securitized asset and income backed debt securities, lease certificates, liquidity bills, real estate certificates and other capital market instruments decided to be traded by the Board , may be traded.

(2) In the Market, if the next coupon rate of a capital market instrument traded over clean price is not reported to the Exchange by 17:30 hours one trading day before the coupon payment date, then, trading of that capital market instrument may be suspended by the CEO.

(3) In case of notification of a wrong coupon rate, the Exchange cannot be held liable for probable damages and losses resulting from trades executed in the Market.

## **THIRD SECTION Repo and Reverse Repo Market**

### **Operations of Repo and Reverse Repo Market**

**ARTICLE 23-** (1) In Repo and Reverse Repo Market, capital market instruments are sold with a commitment to repurchase or purchased with a commitment to resell with same or future starting value date.

(2) Repo, reverse repo and trade report orders may be submitted to Repo and Reverse Repo Market.

(3) Repo and reverse repo orders are submitted by giving such information as amount, repo rate, starting and ending value dates and group of capital market instruments to be traded.

(4) Trade reports are submitted by selecting a counterparty investment firm for trading and by giving such information as amount, repo rate, starting and ending value dates and group of capital market instruments to be traded. A trade report submitted to the system is seen only by counterparty investment firm selected for trading.

(5) After completion of trade, repo party sends a notification of capital market instrument of the group stated during order entry by using the settlement system screens. Principles regarding notification and change of securities to be delivered against repo transactions are to be determined by Takasbank.

(6) Settlement obligation is fulfilled by delivery of the notified capital market instruments to the Takasbank at the starting value date. These capital market instruments are kept in custody in a blocked account in the name of reverse repo party until the ending value date. Capital

market instruments acquired by reverse repo may be used by reverse repo party in another repo transaction, providing that its ending value date is earlier than the end of initial repo/reverse repo transaction.

(7) In Repo and Reverse Repo Market, capital market instruments may be traded in Small Orders Market or Normal Orders Market by size of orders determined by the Board.

**Capital Market Instruments Tradable in Repo and Reverse Repo Market**

**ARTICLE 24-** (1) GDDSs, liquidity bills, as well as other capital market instruments determined by the Board may be traded in Repo and Reverse Repo Market.

(2) Maturity date of capital market instruments to be traded cannot be equal to or earlier than the ending value date of transaction.

(3) Capital market instruments with coupons may be traded in such manner to ensure that coupon payment day is equal to starting value date or ending value date or later than ending value date. Capital market instruments the coupon payment day of which coincides with a time between starting and ending value dates of transaction cannot be traded in repo transactions.

**FOURTH SECTION**

**Repo Market for Specified Securities**

**Operations of Repo Market for Specified Securities**

**ARTICLE 25-** (1) In Repo Market for Specified Securities, sale with a commitment to repurchase or purchase with a commitment to resell with same or future starting value date are executed in capital market instruments predetermined for trading.

(2) Orders are submitted to the system by giving information such as repo rate, repo amount, starting and ending value dates, and capital market instruments to be traded, and price of said capital market instruments.

(3) Settlement obligation is fulfilled by delivery of the subject capital market instruments to the Takasbank at the starting value date. These capital market instruments are delivered to reverse repo party.

**Capital Market Instruments Tradable in Repo Market for Specified Securities**

**ARTICLE 26-** (1) Capital market instruments issued and denominated in Turkish Lira which are traded in Outright Purchases and Sales Market, as well as other capital market instruments determined by the Board may be traded in Repo Market for Specified Securities.

(2) Capital market instruments issued by investment firms trading in Repo Market for Specified Securities cannot be sold by way of repo by the same investment firms in the account of their own portfolio.

(3) Maturity date of capital market instruments to be traded cannot be equal to or earlier than the ending value date of transaction.

(4) Capital market instruments with coupons may be traded to ensure that coupon payment day is equal to starting value date or ending value date or later than ending value date. Capital market instruments the coupon payment day of which coincides with a time between starting and ending value dates of transaction cannot be traded in repo transactions.

(5) Trading of capital market instruments already suspended in Outright Purchases and Sales Market is suspended also in Repo Market for Specified Securities.

**Price in Order Entry**

**ARTICLE 27-** (1) In orders submitted to Repo Market for Specified Securities, price of capital market instrument is also required to be entered, aside from repo rate. Orders are submitted over the price type traded in Outright Purchases and Sales Market for each capital market instrument. Orders are submitted over settlement price for capital market instruments traded over yield in Outright Purchases and Sales Market.

**FIFTH SECTION  
Equity Repo Market**

**Operations of Equity Repo Market**

**ARTICLE 28-** (1) In Equity Repo Market, repo and reverse repo with same or future starting value date are executed in equities predetermined for trading.

(2) Orders are submitted to the system by giving such information as repo rate, repo amount, starting and ending value dates, account type, account code and account number, and equities intended to be traded. If, as of the time the order is submitted, the equity subject to repo has not yet been traded in the Equity Market, order is rejected by the system. In repo transactions, price of the traded equity is equal to the price of last trade executed for the subject equity in the Equity Market as of the moment of trade.

(3) Settlement obligation is fulfilled by delivery of the subject equities to Takasbank at the starting value date. These equities are delivered to reverse repo party.

(4) Members may trade in the account of their portfolio, fund or customers. Accordingly, portfolio, fund or customer account number held with CSD is required to be entered into "Account Number" field at the order submission stage.

**Equities Tradable in Equity Repo Market**

**ARTICLE 29-** (1) In Equity Repo Market, equities included in BIST 50 index and traded in the Equity Market may be subject to repo transactions if they are deemed appropriate by the Board. Open transactions covering equities closed for repo transactions are continued until repo ending value date.

(2) Equities issued by investment firms, which are authorized to trade, cannot be sold by way of repo by the same investment firms in the account of their portfolio.

**Equity Repo Term Decrease**

**ARTICLE 30-** (1) Repo term of the trades executed in Equity Repo Market may be decreased before ending value date. Procedures and principles regarding repo term decrease are determined by Takasbank.

**Corporate Actions**

**ARTICLE 31-** (1) In case of corporate actions such as dividend payments, increase of capital through rights or bonus issues, decrease of capital, corporation mergers and divisions affecting the equities subject to repo transactions, the rules applicable thereon, as well as the principles regarding method of change of settlement balances of open repo transactions are determined by Takasbank.

(2) Equities with corporate actions cannot be traded at the date the share price is changed in the Equity Market and for two days of execution of the related corporate action in CSD.

**Suspension of Trading and Extension of Repo Term**

**ARTICLE 32-** (1) If trading is suspended in the Equity Market for any reason, trading is suspended also in the Equity Repo Market.

(2) For an equity the trading of which is halted in the Equity Market for any reason, trading of the related equity is also halted in the Equity Repo Market until its trading is restarted in the Equity Market.

(3) If demanded so by the counterparties in writing, in case the trading of an equity is halted for a certain time, ending value dates of trades which coincides with the period of suspension may be extended until third business day following the trade restart day in the Equity Market.

(4) Open repo transactions covering an equity the trading of which is suspended indefinitely are closed by the CEO or the Executive Vice President in the first business day following the statement as to suspension of trading indefinitely by means of granting a time to the member.

**SIXTH SECTION**  
**International Bonds Market**

**Operations of International Bonds Market**

**ARTICLE 33-** (1) In International Bonds Market, outright purchases and sales of capital market instruments are executed with the minimum and maximum future value dates as determined by the Board.

(2) Outright purchases, outright sales, trade report orders and indicative quotes may be submitted to International Bonds Market.

(3) Outright purchase and sale orders are submitted by giving such information as nominal amount, price/yield, value date and capital market instruments.

(4) Trade report is submitted by selecting a counterparty investment firm for trading and by giving information such as nominal amount, price/yield, value date and definition of capital market instrument. A trade report submitted to the system is seen only by counterparty investment firm selected for trading.

(5) Indicative quote may be submitted to the system by giving such information as price/yield or quantity, or alternatively, both of such information and definition of capital market instrument and value date. Indicative quote serves the function of announcement of request of trade in the system by the investment firm submitting the order to the system through use of advertising board, and cannot be converted into transactions in the system.

**Capital Market Instruments Tradable in International Bonds Market**

**ARTICLE 34-** (1) In International Bonds Market, foreign debt instruments issued by the Treasury, and capital market instruments denominated in foreign currency may be traded if and to the extent they are decided to be traded in this Market by the Board.

**Currency**

**ARTICLE 35-** (1) In the Market, bid/ask orders are given in the currency in which the subject capital market instruments are issued.

**SEVENTH SECTION**  
**Committed Transactions Market**

**Operations of Committed Transactions Market**

**ARTICLE 36-** (1) In Committed Transactions Market, sale with a commitment to repurchase and purchase with a commitment to resell with same or future starting value date are executed in capital market instruments predetermined for trading.

(2) Orders are submitted to the system by giving information such as rate, amount, starting and ending value dates, and capital market instruments intended to be traded, and price of said capital market instruments.

(3) After execution of trade in the Market:

a) At the starting value date, member selling with a commitment to repurchase performs its obligation to deliver the capital market instruments and member purchasing with a commitment to resell performs its obligations to deliver in cash mutually.

b) At the ending value date (at the end of maturity), member purchasing with a commitment to resell sells the subject capital market instruments to Takasbank and collects the cash price thereof, while member selling with a commitment to repurchase buys the subject capital market instruments from Takasbank and pays the cash price thereof to Takasbank.

c) At the ending value date, Takasbank has the right of withdrawal from trades executed with either or both of the members, individually or collectively, in its convenience without being liable to justify its decision, whereupon Takasbank may in no event be legally held liable therein for.

ç) If Takasbank withdraws from both trades by using its right of withdrawal, the initial trade settled between the members being parties thereto at the starting value date becomes valid, and none of the parties has any settlement claims or owes any settlement debts at the ending value date.

d) If, at the ending value date, Takasbank uses its right of withdrawal for only one of two trades committed, then, none of the parties has any settlement claims or owes any settlement debts for the withdrawn trade, while for the other, the purchasing/selling transaction committed between Takasbank and the member is executed.

e) If, at the starting value date, in transactions where one of the parties is the Central Bank of the Republic of Türkiye, the right of withdrawal at the ending value date is granted to the Central Bank of the Republic of Türkiye rather than Takasbank, then, the mutual rights and obligations of the parties are determined by the agreements entered into by and between the parties and by the regulations of Takasbank and/or the Central Bank of the Republic of Türkiye pertaining thereto.

**Capital Market Instruments Tradable in Committed Transactions Market**

**ARTICLE 37-** (1) Lease certificates denominated in Turkish Lira issued by asset lease companies founded by the Treasury, and asset lease companies founded by public capital institutions assigned by the Treasury, and other capital market instruments identified by the Board may be traded in the Committed Transactions Market.

(2) Capital market instruments with periodic return may be traded in such manner to ensure that periodic return payment day is equal to starting value date or ending value date or later than ending value date. Capital market instruments the periodic return payment day of which coincides with a time between starting and ending value dates of transaction cannot be traded in the Committed Transactions Market.

(3) Trading of capital market instruments suspended in Outright Purchases and Sales Market or in other markets of the Exchange is also suspended in the Committed Transactions Market.

**Price at Order Entry**

**ARTICLE 38 -** (1) In orders submitted to Committed Transactions Market, price of each capital market instrument is submitted over the price type used for the subject capital market instrument in Outright Purchases and Sales Market. Orders are submitted over settlement price for capital market instruments traded over yield in Outright Purchases and Sales Market.

**EIGHTH SECTION**

**Watchlist Market**

**Operations of Watchlist Market**

**ARTICLE 39-** (1) In Watchlist Market, outright purchases and outright sales of capital market instruments are executed with same value date or future value date.

(2) In this market, orders are submitted over clean price, dirty price, settlement price or yield as determined by the Board depending on capital market instruments.

(3) Orders relating to foreign currency denominated capital market instruments are given in the currency the related securities are issued.

**Capital Market Instruments Tradable in Watchlist Market**

**ARTICLE 40-** (1) Capital market instruments which are previously traded in Outright Purchases and Sales Market and are then decided to be traded in Watchlist Market within the frame of listing regulations may be traded in Watchlist Market.

(2) In the Market, if the next coupon rate of a capital market instrument traded over clean price is not reported to the Exchange by 17:30 hours one trading day before the coupon payment date, then, trading of that capital market instrument may be suspended by the CEO.

(3) In case of notification of a wrong coupon rate, the Exchange cannot be held liable for probable damages and losses resulting from trades executed in the Market.

**NINTH SECTION**

**Offering Market for Qualified Investors**

**Operations of Offering Market for Qualified Investors**

**ARTICLE 41-** (1) In Offering Market for Qualified Investors, the issued capital market instruments are sold to qualified investors with same value date or future value date.

(2) In this Market, orders are submitted over price or yield depending on the capital market instrument.

**Issuable Capital Market Instruments**

**ARTICLE 42-** (1) In Offering Market for Qualified Investors, only capital market instruments issuance of which is approved by the CMB and intended to be issued to qualified investors may be sold.

**Trading of Capital Market Instruments upon Completion of Issuance**

**ARTICLE 43-** (1) Upon completion of issuance to qualified investors in this Market, the subject capital market instruments are started to be traded between qualified investors in



Outright Purchases and Sales Market unconditionally in the first business day following completion of issuance or expiration of sales period.

**Issuance Term**

**ARTICLE 44-** (1) (1) In issuance of capital market instruments in Offering Market for Qualified Investors, sales term set forth in Borsa İstanbul Listing Directives is valid and applicable.

**Price of Issue**

**ARTICLE 45-** (1) Issuer may freely determine sales price during sales term, and may change price of an ask order which is unfilled or partially filled.

**THIRD PART  
Other Principles**

**FIRST SECTION**

**Principles Regarding Operations of Mutual Funds and Investment Trusts, Market Maker System, Pre-Trade Risk Management, Settlement and Default Principles**

**Principles Regarding Operations of Mutual Funds and Investment Trusts**

**ARTICLE 46-** (1) In trades to be executed by mutual funds and investment trusts in the Exchange, the following rules will be applicable in addition to the rules applied in the related markets of Debt Securities Market.

a) Orders to be submitted in the account of investment trust or mutual fund are submitted to the Exchange by representatives of an investment firm authorized to trade in Debt Securities Market. In submission of order, it is stated for which investment trust or mutual fund the order is submitted. In these orders, standard account codes identified by the Exchange for each investment trust and mutual fund are used.

b) In reverse repo transactions executed in Repo and Reverse Repo Market in the account of mutual fund or investment trust, the subject capital market instruments are kept and held in the name of the related mutual fund or investment trust, rather than the trading member, until the ending value date of transaction.

c) Members state in writing the names of mutual funds and investment trusts in whose account they are going to trade in the Market, together with their Exchange standard codes. Any subsequent changes in these notifications are also required to be notified to the Exchange again in writing by no later than at least one trading day before Members start to trade therein in the account of the relevant mutual fund or investment trust.

**Principles Regarding Mutual Fund Transactions with Same Value Date Executed after Ending Time of Transactions with Same Value Date**

**ARTICLE 47-** (1) The priority rules for orders with same value date submitted in the account of mutual funds after ending time of transactions with same value date in the Markets within the Debt Securities Market, and the principles regarding filling these orders by the authorized firm submitting the order are to be determined by the Board.

(2) In the case of mutual fund transactions with same value date executed after ending time of transactions with same value date, weighted average rates and prices arising until the ending time of transactions with same value date are used as reference. In the Markets, transactions may be executed in favour of the mutual fund as follows:



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a) In Outright Purchases and Sales Market and Watchlist Market, transactions may be executed at a price equal to or lower than weighted average price in bid orders, and at a price equal to or higher than weighted average price in ask orders.

b) In Repo and Reverse Repo Market, transactions may be executed at a price equal to or higher than weighted average price in reverse repo orders, and at a price equal to or lower than weighted average price in repo orders.

c) In Repo Market for Specified Securities, weighted average repo rate at the related term, and weighted average price of the subject capital market instrument in Outright Purchases and Sales Market at the related term are taken as reference. Accordingly, reverse repo orders may be executed at a rate equal to or above the weighted average rate and at a price equal to or below the weighted average price of capital market instrument, while repo orders may be executed at a rate equal to or below the weighted average rate and at a price equal to or above the weighted average price of capital market instrument.

ç) In Equity Repo Market, weighted average repo rate at the related term is taken as reference. Accordingly, reverse repo orders may be executed at a rate equal to or above the weighted average rate, while repo orders may be executed at a rate equal to or below the weighted average rate.

(3) Trades with both parties being mutual funds may be executed over weighted average rates and prices arising until the ending time of transactions with same value date in the markets.

(4) Any rates or prices are not taken as reference for use in favour of mutual fund as for any capital market instrument or term in which no transaction is executed during the day. Authorized investment firm may enter orders at a rate or price determined by itself in the account of mutual fund.

(5) Investment firms are deemed to have accepted and undertaken in advance to settle between themselves the mutual fund transactions with same value date, which are executed after ending time of transactions with same value date.

(6) Orders with same value date cannot be submitted in the account of investment trusts after ending time of transactions with same value date.

### **Market Maker System**

**ARTICLE 48-** (1) In the Market, two types of market maker systems, namely GDDS primary dealer system and private sector market maker system, are used and applied.

(2) GDDS primary dealer system is carried out in accordance with the rules of operation of the Market within the frame of principles of market maker system as determined by the Treasury.

(3) In private sector market maker system, investment firms assigned and authorized as market maker by the Executive Management perform market maker duties for private sector capital market instruments within the frame of principles determined by the Board.

(4) Procedures and principles regarding determination of investment firms to be assigned and authorized as market maker for private sector capital market instruments are determined by the Board.

### **Pre-Trade Risk Management**

**ARTICLE 49-** (1) With a view to controlling the probable post-trade risks in the Market, limitations may be imposed before transaction on capacity, quantity and/or amount of tradable capital market instruments, submitted orders, and transactions to be executed. Risk criteria to be employed and limits to be applied are determined by the Board. The CEO may change the limits defined in risk criteria on the basis of members, users and/or capital market instruments,

upon occurrence of extraordinary events in the market or at any time if deemed necessary providing that it explains the reasons thereof in writing.

**Settlement Transactions**

**ARTICLE 50-** (1) Settlement obligations arising out of transactions executed in Debt Securities Market are performed within the frame of regulations issued by Takasbank.

**Default Transactions**

**ARTICLE 51-** (1) Buy-in and sell-out transactions may be executed by Takasbank on behalf of investment firm with the intention of closing the deficits occurring in the process of settlement due to failure in full or partial performance of settlement obligations within the frame of terms and methods stipulated in the applicable laws and regulations.

(2) In default transactions, one of the parties is required to be the investment firm on behalf of whom the buy-in and sell-out transactions are executed by Takasbank, or otherwise, executed transactions are cancelled.

**SECOND SECTION**

**Other Provisions**

**CBRT Transactions**

**ARTICLE 52-** (1) Upon demands of CBRT that may be made in the course of implementing CBRT monetary policy, in transactions to be executed in the Debt Securities Market or in other issues covered by this Directive, the Board may make the required urgent changes or amendments in this Directive, or may decide to introduce different practices regarding the issues regulated by this Directive, or may open new markets within the Debt Securities Market.

(2) The CMB is subsequently informed about the actions required to be taken pursuant to first paragraph hereof, and all amendments and revisions required in this Directive are duly made.

**Absence of Provisions**

**ARTICLE 53-** (1) On subjects on which this Directive remains silent or is not adequately clear, the CEO is authorized to take the necessary decisions, and to regulate and direct the practices within the frame of the pertinent regulations, except for the matters and subjects requiring a consent or approval of the CMB.

**CEO's Authorization to Regulate**

**ARTICLE 54-** (1) For the purpose of guiding the enforcement of the provisions of articles 8, 10, 11, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 26, 29, 33, 34, 37, 39, 47, 48, 49 and 52 of this Directive, the Board may authorize the CEO to issue regulations in regard to details of implementation of procedures, principles and methods determined by this Directive.

**Effective Date**

**ARTICLE 55-** (1) This Directive becomes effective as of 19/10/2016.

**Enforcement**

**ARTICLE 21-** (1) The provisions of this Directive are enforced by the CEO.