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BORSA İSTANBUL A.Ş.

DIRECTIVE ON BORSA İSTANBUL MONEY MARKET

İSTANBUL – 2016

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Purpose

ARTICLE 1- (1) The purpose of this Directive is to regulate the procedures and principles of operations of Borsa İstanbul Money Market.

Scope

ARTICLE 2- (1) This Directive sets down and regulates the institutions authorized to trade, the valid order and trading rules, and other operational principles, in Borsa İstanbul Money Market.

Grounds

ARTICLE 3- (1) This Directive is issued in reliance upon sub-paragraph (ü) of second paragraph of article 3 of Borsa İstanbul A.Ş. Articles of Association.

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 promulgated in the Official Gazette edition 29150 on 19/10/2014; and
- c) “CEO” stands for chief executive officer of Borsa İstanbul A.Ş.; and
- ç) “Market” refers to Borsa İstanbul Money Market; and
- d) “Takasbank” stands for İstanbul Takas ve Saklama Bankası Anonim Şirketi (İstanbul Settlement and Custody Bank); and
- e) “Board” stands for Board of Borsa İstanbul Anonim Şirketi.

Institutions Authorized to Trade, and Representatives

ARTICLE 5- (1) In the Money Market, only banks and intermediary institutions authorized to trade pursuant to the Exchange regulations, as well as Takasbank may trade.

(2) Those who fulfil required conditions as per the Exchange Regulation and other Exchange regulations pertaining thereto may trade in the Money Market as member representatives.

Operations of Money Market

ARTICLE 6- (1) Collateralized money purchase and money sale transactions of banks and intermediary institutions supplying and demanding Turkish Lira funds are executed in the Money Market.

(2) Accounts to which orders may be submitted by members, and value terms of money purchase and money sale transactions, and calculation methods to be applied in the Money Market are determined by the Board.

(3) Takasbank serves as central counterparty in the Money Market. Accordingly, Takasbank assumes the role of seller against buyer and the role of buyer against seller for the executed transactions, and commits the completion of settlement.

(4) Firms trading in the Money Market do not know each other at the time of transaction. Following execution of transaction, information on counterparty member is also provided to trading parties, together with information on transaction. Firms which are not a party to the executed transaction may track the information on transaction, but do not have access to information on trading counterparties.

(5) Members may, by means of user terminals, monitor the transactions executed by them, and may instantaneously track the positions.

Trading Hours

ARTICLE 7- (1) Trading hours to be employed in the Money Market are determined by the Board.

Value Date

ARTICLE 8- (1) Trades with same value dates and future starting value dates may be executed in the Money Market. Value terms to be employed in the Money Market are determined by the Board.

Order Types

ARTICLE 9- (1) Orders are matched by multiple price method in the Money Market. Two types of orders, namely limit order and market order, may be submitted in the Money Market.

(2) Limit orders are submitted by stating interest rate and quantity.

(3) Market orders are submitted by stating only quantity without reference to interest rate. These orders may match partially or fully with passive orders pending in the system. Remaining parts of a partially filled market order is automatically cancelled.

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

Change of Orders

ARTICLE 10- (1) Orders submitted to the Money Market, but not matched and remaining parts of partially matched orders may be changed. However, account type, account code and account number fields of orders cannot be changed.

(2) Order loses its priority in case of change in interest rate of order, or increase in quantity thereof. However, change of information field and/or reduction of quantity do not lead to loss of priority of order.

Submission, Priority and Matching Rules of Orders

ARTICLE 11- (1) Member representatives submit their orders via trading system terminals or remote access interface. If and when needed, members may submit their orders to the system by calling the Exchange specialists by phone, and submission of orders in this manner is governed by the principles determined by the Board.

(2) In the case of entrance of order on behalf of a customer, it is required to select the code identified for customer in account type and account code fields in "Order Entry" window, and to enter information identifying the customer in account number field therein.

(3) In the Money Market:

(a) In bid orders, orders with the highest interest rate are prioritized, while in ask orders, orders with the lowest interest rate are prioritized. Time priority is applied in orders with the same interest rate.

(b) Bid orders are matched with ask orders with the same or lower interest rates, while ask orders are matched with bid orders with the same or higher interest rate. When there is no interest rate equality in the matching, interest rate of the first order entered into the system is accepted as interest rate of transaction.

(4) Principles regarding the members' matching their own orders are determined by the Board.

Validity and Size of Orders

ARTICLE 12- (1) Orders are valid for the day they are given. Orders submitted to the Money Market, but not matched and remaining parts of partially matched orders may be cancelled. All orders submitted to the system are automatically cancelled by the system at the end of order submission time for orders with same value date if they are not matched by then, while orders with future value date are automatically cancelled by the system at the closing time of the Market if they are not matched by then.

(2) Orders are submitted in the form of minimum order size and its multiples. Minimum and maximum order sizes valid and applicable in the Money Market are determined by the Board.

Applicable Interest Rate Ticks

ARTICLE 13- (1) Interest rate ticks to be applied in the Money Market are determined by the Board.

Cancellation and Rectification of Trades

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

(2) Principles of implementation relating to cancellation of trades executed as a result of orders erroneously submitted by the member or the Exchange personnel are determined by the Board.

(3) Trades may be cancelled within the operation hours employed by Takasbank. Requests of cancellation filed after the starting time of netting operations determined by Takasbank may not be accepted.

(4) Principles regarding rectification of trades executed as a result of orders erroneously submitted are determined by Takasbank.

Publishing and Announcement of Order and Trade Information, Notification of Trades

ARTICLE 15- (1) Information on trades executed in the Money Market, and depth information relating to orders pending in the trading system, are published instantaneously or with delay in screens of member users connected to the system, 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) Information on interest rates and quantity as a result of execution of trades in the Money Market is published in the Exchange Bulletin in the same day. The Exchange Bulletin contains information on the lowest, highest and weighted average interest rates, trading value and contract / deal numbers on the basis of value terms.

(3) Order and trade information to be published, and contents of such information, and electronic media they will be published, and frequency of update of said information are determined by the Board.

(4) Principles regarding registration in the Exchange of interest rates and quantities as a result of execution of trades in the Money Market are determined by the Board.

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

Exchange Fee

ARTICLE 16- (1) An exchange fee in an amount calculated by multiplying the exchange fee rate by trading value and trade term (number of days between starting and ending value dates) is charged on and collected from each of trading parties separately for trades executed in the Money Market. Exchange fee rates are applied as follows depending on trade term:

- a) 0.04 per ten thousands for terms between 1 and 7 days; and
- b) 0.03 per ten thousands for terms between 8 and 29 days; and
- c) 0.02 per ten thousands for terms between 30 and 89 days; and
- ç) 0.005 per ten thousands for terms of 90 days and more.

(2) The exchange fee is applied as “0” (zero) for the transactions executed by central clearing institutions at the market, which are providing central counterparty service at this market, for the purpose of investing own cash resources, cash collaterals deposited to itself as part of providing service as central clearing institution for all markets and cash guarantee fund contributions.

(3) Exceptions on exchange fees in Debt Securities Market are also valid for the Money Market transactions.

Trading Limits and Risk Management

ARTICLE 17- (1) With a view to controlling the probable post-trade risks in the Money Market, limitations may be imposed before transaction on capacity, quantity and/or amount of trades, submitted orders, and transactions to be executed. Risk criteria to be employed and limits to be applied are determined by the Board. Upon occurrence of extraordinary events in the market or at any time if deemed necessary by providing a written explanation, the CEO may ex officio change the limits defined in risk criteria on the basis of members and/or users.

(2) Risk management principles regarding transactions executed therein are determined and applied by Takasbank.

Settlement, Margin and Defaults

ARTICLE 18- (1) Provisions and rules relating to principles of settlement, margin and default of trades to be executed in the Money Market are determined by Takasbank.

Absence of Provisions

ARTICLE 19- (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.

CEO’s Authorization to Regulate

ARTICLE 20- (1) For the purpose of guiding the enforcement of the provisions of articles 6, 7, 8, 11, 12, 13, 14, 15 and 17 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 21- (1) This Directive becomes effective as of 14/10/2016.

Enforcement

ARTICLE 22- (1) The provisions of this Directive are enforced by the CEO of Borsa İstanbul A.Ş.