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Doc	Type	Announcement
	No	2017/31
	Subject	Launching of Physically Delivered Aegean Cotton Futures Contracts with BISTECH Transition
	Apr. Date	01/03/2017
	From	Borsa İstanbul Derivatives Market (VIOP)
	To	VIOP Members

Dear Member,

At the meeting of the Board of Directors dated 29/09/2016 and numbered 2016/29, it has been decided to convert the settlement method of the Aegean Cotton Futures Contracts, which are traded on Derivatives Market, from cash settlement to physical delivery. In this context, March 2017 and May 2017 contracts will be suspended as of 01 March 2017 and will be relaunched according to the physical delivery principles with the BISTECH transition.

Settlement procedures will be completed at the end of settlement period through corresponding transactions at Electronic Trade Platform of İzmir Commodity Exchange. Members who have open positions at expiry should be a member of İzmir Commodity Exchange to finalize the settlement. For this reason, it is important for our members to monitor their end of month positions.

Premium and discount amounts / rates to be applied for different qualities will be determined by Borsa İstanbul and İzmir Commodity Exchange and announced to our members.

Contracts specifications of the physically delivered Aegean Cotton Futures Contracts which will be valid with BISTECH transition are at the attachment.

For your information and necessary actions,

Sincerely,

Osman SARAÇ
CEO

Attachment: Contract Specifications of Aegean Cotton Futures Contract which will be valid with BISTECH transition (2 pages).

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Attachment: Contracts Specifications of Aegean Cotton Futures Contract which will be valid with BISTECH transition

Aegean Cotton Futures Contract

Underlying Security	Aegean Color 41 Cotton
Contract Size	1 ton
Price Quotation and Minimum Price Tick	Value of 1 Kg Aegean Color 41 Cotton shall be quoted in terms of Turkish Lira significant to three decimals. Last digit after the decimal point shall be either 0 (zero) or 5 (five). The minimum price tick is 0.005. Value of one tick corresponds to TRY 5. Sample quote = 5.125or 5.410
Contract Months	2 nearest months out of March, May, July, October and December
Settlement Method	Physical Delivery
Daily Settlement Price	<p>The daily settlement price is calculated as follows at the end of the session and rounded to the nearest price tick:</p> <p>a) The weighted average price of all the trades executed within the last 10 minutes of the session,</p> <p>b) If less than 10 trades were realized in the last 10 minutes of the session, the weighted average price of the last 10 trades executed during the session,</p> <p>c) If less than 10 trades were realized in the session, the weighted average price of all the trades executed during the session,</p> <p>d) If no trades were done during the session, the previous day settlement price is determined as the daily settlement price.</p> <p>will be determined as the daily settlement price.</p> <p>If the daily settlement price cannot be calculated with the above methods by the end of the session, or the prices calculated do not reflect the market correctly, the daily settlement price may be determined by using one or more of the following methods</p> <p>a) The average of the best buy and sell quotations at the end of the session,</p> <p>b) Theoretical prices are calculated considering spot price of the underlying asset or the daily settlement price for other contract months of the contract.</p> <p>Trades executed on Negotiated Deals Market will not be taken into consideration in the above calculations. The Settlement Price Committee's right to change the daily settlement price is under reserve.</p>
Expiry Day (Final) Settlement Price	<p>The Last Settlement Price shall be calculated as follows:</p> <p>Arithmetic average of closing prices which are defined as minimum price of Aegean Color 41 Cotton announced by İzmir Commodity Exchange at the last trading day and one business day prior to the last trading day will be considered as the last settlement price. In case there is not the related price on one of these days, price of the other day is determined as the final settlement price.</p> <p>If the final settlement price for Aegean Color 41 Cotton cannot be calculated with the above methods, at the İzmir Commodity Exchange;</p> <ul style="list-style-type: none">• Closing price defined as maximum for Aegean Color 41 Cotton at the last trading day,

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	<ul style="list-style-type: none">• The closing prices of the Aegean Color 31 and/or 51 Cotton,• Closing price defined as maximum for Aegean Color 41 Cotton announced at the one business day before last trading day. <p>the methods mentioned above are used alone or together in order to determine the final settlement price by the Settlement Price Committee.</p> <p>The Settlement Price Committee may increase or cut the number of days on which price information is obtained from the İzmir Commodity Exchange, may consider the prices of the Aegean Color 41 Cotton formed at other exchanges for calculating the Last Settlement Price.</p> <p>The final settlement price determined with the abovementioned methods shall be rounded to nearest price tick.</p>
Last Trading Day	Last business day of the contract month. In case domestic markets are closed for half day due to an official holiday, last trading day shall be the preceding business day.
Expiry Day	Last business day of the contract month. In case domestic markets are closed for half day due to an official holiday, expiry day shall be the preceding business day.
Settlement Period	T+5 for physical delivery and T+1 for other operations. Losses are deducted from the accounts at the end of T day, profits are added to the accounts on T day.
Base Price and Daily Price Limit	Base price is the price determined by the Settlement Price Committee on the day the relevant contract is introduced for trading, and used in calculating the daily price change limits. For the other days, base price is the settlement price of the previous day. Daily price limit is equal to $\pm 10\%$ of the base price determined for each contract. If the upper or lower limit so calculated does not correspond to a price tick, the upper limit will be rounded to the upper price tick; and the lower limit, to the lower price tick.
Trading Hours	Continuous trading from 09:30 to 18:15
Collateral and Margining Rules	Clearing legislation shall be applied.
Issues regarding physical settlement	Physical delivery is realized through Electronic Warehouse Receipts System (EWHR). Transactions subject to physical delivery will be completed at the end of settlement period through corresponding transactions to be executed at Electronic Trade Platform of İzmir Commodity Exchange. In principal, physical delivery is to be executed with the Aegean Color 41 Cotton. However, according to the market conditions and provided that it is declared in advance, the physical delivery may be executed with the TBA_R (Türkiye Batı A Rollergin) or TBC_R (Türkiye Batı C Rollergin) quality cottons considering premium and discount amounts / ratios. Premium and discount amounts / ratios will be determined by Borsa İstanbul A.Ş. and İzmir Commodity Exchange.