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**PROCEDURES AND PRINCIPLES REGARDING DIAMOND AND PRECIOUS
STONE MARKET**

FIRST CHAPTER

Purpose and Scope, Abbreviations and Definitions

Purpose and scope

ARTICLE 1 – (1) The purpose of this regulation is to set down the procedures and principles regarding trading, specifications of diamond, precious stone, synthetic precious stone, precious articles and other materials which shall be traded at, methods and principles of trading of Diamond and Precious Stone Market operating under Borsa İstanbul, the importation of precious stones with intent to be transacted on, delivery to and handover among the Exchange members in or out of the Exchange.

Abbreviations and definitions

ARTICLE 2 – (1) For the purposes and in the context of this regulation;

a) **“Decree number 32”** refers to Decree no. 32 on the Protection of the Value of Turkish Currency published in the Official Gazette no. 20249 dated 11/08/1989;

b) **“Exchange”** refers to Borsa İstanbul A.Ş.;

c) **“General Directorate”** refers to Chief Executive Officer (CEO) or Executive Vice Presidents (EVPs) of Borsa İstanbul A.Ş.;

d) **“Precious Article”** refers to articles which are previously traded on and registered to the Exchange and comprise or made from precious stones;

e) **“Precious Stone”** refers to rough diamonds which are involved in Kimberley Process Certification Scheme based on the Decree on the Regulation and Supervision of Foreign Trade of Rough Diamonds that went into effect by Cabinet Decree no. 2006/11115 dated 10/10/2006 and all sorts of polished diamonds in any type and form and precious stones defined in Decree no. 32;

f) **“Market”** refers to Borsa İstanbul A.Ş. Diamond and Precious Stone Market;

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g) **“Synthetic Precious Stone”** refers to precious stones, combined or coated with any foreign material, produced as compound, synthetic or semi-synthetic by beam, high pressure or high temperature;

h) **“Board of Management”** refers to Borsa İstanbul Board of Management;

i) **“Regulation”** refers to Principles Regulation on Stockbroking Activities regarding Borsa İstanbul A.Ş. Precious Metals and Precious Stones published in the Official Gazette no. 29150 dated 19/10/2014.

SECOND CHAPTER

Principles on Granting Authority to Trade on the Market and Representation

Principles on granting authority to trade on the market

ARTICLE 3 – (1) Exchange members, who are authorized to trade on Precious Metals Market and want to trade on the Market, shall submit a petition alongside signing Borsa İstanbul Letter of Undertaking for Diamond and Precious Stone Market in the Annex-1.

(2) The domestically resident institutions, which are not authorized to trade on Precious Metals Market however want to trade on the Market, shall attach the following attachments to their application:

a) The Covenant in the Annex-1;

b) The document taken from related Tax Office that shows institution has no tax liabilities;

c) The documents received from government agencies on the conditions defined in the second paragraph of Article-6 of the Regulation;

d) For unobtainable documents from government agencies on the conditions defined in the second paragraph of Article-6 of the Regulation a written declaration shall be submitted.

(3) The General Directorate may request additional information, documents and declarations.

Principles on Representation

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ARTICLE 4 – (1) Those authorized for trading on the Market submit their representatives that will trade on behalf of themselves on the Market to the Exchange by preparing representation documents designates by the General Directorate.

THIRD CHAPTER

Principles regarding the Market

Traded diamond and precious stones

ARTICLE 5 – (1) Rough diamonds which are involved in Kimberley Process Certification Scheme based on the Decree on the Regulation and Supervision of Foreign Trade of Rough Diamonds that went into effect by Cabinet Decree no. 2006/11115 dated 10/10/2006 and all sorts of polished diamonds in any type and form and of precious stones, defined in Decree no. 32, provided to be declared within the frame of the principles that takes part in this regulation, rough natural stones, polished natural stones, polished and physically or chemically processed natural stones, rough synthetic stones and polished synthetic stones are traded on the Market.

(2) In case of delivery of articles, made from or including rough natural stones, polished natural stones, polished and physically or chemically processed natural stones, rough synthetic stones and polished synthetic stones which are previously traded on and registered to the Exchange, among those authorized traders on the Market out of the Exchange, a statement shall be made to the Exchange within the frame of the principles defined in this regulation.

Trading rules and trading obligation

ARTICLE 6 – (1) First transaction of precious stones which are imported for the purpose of being traded on exchange and precious stones which are kept in stock yet previously not traded on the exchange are required, in accordance with the principles set out in this regulation, to be traded in session room of the Exchange. However, in case of the institution, which valuation report is taken from, is not resident at Kuyumcukent that the Market operates in, the transactions can also be done out of the Exchange in compliance with other principles set down in Article-12. In this case, transaction forms, together with the documents specified in Article-3, at the latest, shall be delivered to the Exchange in the first workday after having valuation report.

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(2) Transactions, can either be done between different parties having trade authority on the Market or be done by the same buyer and seller.

(3) For imported precious stones' to be traded on the Exchange, valuation report, bill of entry, invoice and assay report that is submitted to relevant customs; as for precious stones, kept in stock and to be traded for the first time, valuation report shall be submitted to the Exchange.

(4) Precious stones, previously traded on the Exchange, can be handed over between those authorized for trading in accordance with the principles set out in this regulation. In this case, within the frame of the principles set out in this regulation, the Exchange shall be notified.

(5) Precious articles are not traded on the Market, however, in case of they are handed over out of the Exchange between those given authority to trade, the Exchange shall be notified in the manner specified in this regulation.

Valuation

ARTICLE 7 – (1) Imported precious stones and domestically kept-in-stock precious stones to be traded on the Market for the first time, shall be analyzed by the institutions designated by the General Directorate within the frame of this regulation and the relevant legislation, and a valuation report including quality, quantity and approximate value must be stated for these kinds of precious stones before they are traded.

(2) The reports which exceed the date of issuance by one year or more cannot be used on the Exchange transactions.

(3) Valuation company shall prepare two types of reports, summary and detailed, regarding precious stone or precious stone box. Summary report shall be submitted to the Exchange and the party that have the valuation company prepare report. The detailed report shall only be submitted to the Exchange and this report is stored in the Exchange.

(4) In the detailed report, prepared by valuation company, within the frame of the standards of the International Diamond Council (IDC) concerning precious stone or the box containing precious stones, in addition to detailed information on quality, quantity and approximate value, a distinctive reference number or code shall have place on precious stone or precious stone box.

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(5) In the summary report, only, along with essential properties of precious stone or precious stone box, valuation price shall be stated and before transaction this report shall be submitted to the parties.

(6) Along with the appraisal fee which is 5 per thousand of the value determined by valuation company, accrued taxes shall be deposited to the nominated bank account, notified to importer and/or seller, of the Exchange.

Valuation company

ARTICLE 8 – (1) The CEO of the Exchange designates one of the valuation company from meeting the requirements stated below within the frame of the standards of the IDC. Company shall:

- a) Be established as joint-stock company,
- b) Have at least one shareholder from internationally accepted Gemology Institutes,
- c) Provide technical information from the partner from Gemology Institute,
- d) Have at least 100.000 TRY paid-up capital,
- e) Be authorized by Turkish Mint in accordance with the Communiqué on Determination of Principles for Standards, Selection and Supervision of Assayer Companies To Be Authorized for Precious Metal and Stone published in the Official Gazette no. 26558 dated 20/06/2007,
- f) Gemology Institute providing technical information shall;
 1. Have a company operating in Turkey for last two years,
 2. Have training programme worldwide,
 3. Have research operations, in particular, on natural diamonds,
 4. Take security measures against duplication of the certificates that it generates,
 5. Comply with the Rule Book of the IDC,
 6. Have ISO accreditation,
 7. Provide evidence that it gained confidence of the market in the eye of the relevant trade associations for two years operating period in Turkey,

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8. Have grading technology, included in the Rule Book of the IDC, which determines colour, cutting, carat, clarity and hearts and arrows parameteres automatically.

Session

ARTICLE 9 – (1) The session is hold on workdays between 09:30 am and 17:30 continuously..

(2) The session does not take place at weekends and on public holidays.

(3) The General Directorate may change trading days and/or trading hours provided that it is proclaimed beforhand.

(4) The session takes place in the room allocated by the Exchange.

Those who may enter into the session room

ARTICLE 10 – (1) The members of the Market and visitors, as parties of the transaction, representatives of member, the Exchange employees who are responsible for the Market and those having permission of the General Directorate can enter into the session room.

(2) The visitors, who get involved in the realization of the transaction, shall be recommended by at least two authorised for entering into the room, shall fill in the Diamond and Precious Stone Market Visitor Information Form in the Annex-2 and approved by the Exchange officers.

(3) Id is checked before entering into the session room.

Obligation of declaration and notification

ARTICLE 11 – (1) It is mandatory to declare in the Trade Registration Form or Proposal Form by seller whether precious stone is;

- a) Rough natural,
- b) Polished natural,
- c) Polished and processed natural,
- d) Rough synthetic,
- e) Polished synthetic.

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(2) For the precious stones, defined in article (a) and (b) in the first clause, Trade Registration Form/FORM-A in the Annex-3; and for the precious stones, defined in article (c), (d) and (e) in the first clause, Trade Registration Form/FORM-B in the Annex-4 is used.

(3) Those who is authorised to trade on the Market, shall notify the Exchange immediately, if they encounter a synthetic precious stone is submitted as a natural precious stone.

Trading on the Exchange

ARTICLE 12 – (1) It is essential that the trading operations be realised on the Exchange's session room or those traded precious stones shall be delivered to the Exchange or the valuation company following the trading.

(2) When buyer and seller deal, the Trade Registration Form shall be filled in triplicate and delivered to the Exchange officer and it is recorded in the same workday.

(3) Since every single precious stone has different characteristics, all kinds of valuations are carried out by buyer and seller.

(4) Following the transaction and payment of transaction commission and tax, the Trade Registration Forms is marked that the trade was done on the Exchange and the transaction number is given by Exchange officer. A copy of the form will be delivered to parties.

(5) Following the trade done on the Exchange, in the transactions that the buyer and the seller is different, the seller shall deliver along with a copy of relevant trade form, a copy of the invoice including details on properties of the traded precious stone and prepared by the seller to the Exchange at the latest in three business days. In the event that those documents are not submitted to, additional commission as one fourth of the commission to be paid for the transaction is taken from the seller as penal.

(6) In order to make operations be done properly, The General Directorate is entitled to raise the punitive commissions fivefold depending upon latency time and frequency.

Handover of previously traded precious stones out of the Exchange

ARTICLE 13 – (1) In the event that the precious stones traded previously on the Exchange are handed over among the members out of the Market, to record those trades as the Exchange transactions, accumulated trades (or invoiced trades) through out a month shall be

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declared to the Exchange within three business days of next month via completely filled Trade Registraton Forms in the Annex-5 by both trade parties. According to the needs resulting from execution of process regarding registration form and information that must be filled in on and the documents demanded, the General Directorate may do changes and make arrangements.

(2) Date and counterparty of the trade, type, weight, clarity and property of the precious stone and sum value of the trade on the invoice shall be specified in the Form.

(3) On stone's feature field, one of the choices corresponding to A, B, C, D, E or F placed below part of the Form shall be written.

(4) Along with the Forms, copies of invoices, underlying for trade, and other documents, if needed, to be demanded by the Exchange authorities shall be delivered.

(5) The General Directorate may want forms to be filled and sent in electronic environment.

(6) After delivery of original documents to the Exchange, necessary checks are done by the Exchange authorities. In case of any deficiency or inaccuracy, the deficiencies are demanded to be eliminated. Complete forms delivered to the Exchange are registered and signed after numerating. A copy of the forms is sent to those trade parties in the wake of delivery, to the Exchange, of bank receipt which includes transaction commission and tax calculated by the Exchange and declared to those concerned and are paid up.

(7) In the event that those trades done out of the Exchange are approved within the frame of the principles above, these trades are deemed as the Exchange transaction and trade and approval time are recorded.

(8) In case of the forms and documents are not submitted to the Exchange within the time frame prescribed in the first clause, an additional penal commission as one fourth of the commission to be paid for the transaction is taken from the parties.

(9) In order to make operations be done properly, The General Directorate is entitled to raise the punitive commissions fivefold depending upon latency time and frequency.

Handover of precious articles

ARTICLE 14 – (1) The handover of precious articles, containing precious stones or made from those stones previously traded on and registered to the Exchange among those authorized for trading on the Market, shall be done out of the Exchange.

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(2) Accordingly, along with relevant invoices' copies the form in the Annex-6 shall be filled in and delivered in batches by month to the Exchange separately by the parties at the latest in the first three business days of the month following the month when invoice prepared in.

(3) In the form, counterparty, type of precious stone, transaction number and date of previously traded precious stone, in question, on the Exchange, properties of precious stone and the Exchange value written on the invoice shall be stated.

(4) Following delivery of the Form and other documents to the Exchange, necessary checks are done by the Exchange authorities. In case of any deficiency or inaccuracy, the deficiencies are demanded to be eliminated. After complete forms delivered to the Exchange they are numerated for registration. The forms are recorded after signed by the Exchange authorities as of the date of signatory in the wake of delivery, to the Exchange, of bank receipt which includes transaction commission and tax calculated by the Exchange and declared to those concerned and are paid up. A copy of the forms is sent to the parties.

(5) The General Directorate may change content of the forms and information to be provided and may want forms to be filled in electronic environment and sent to the Exchange.

(6) Additional information and document, if needed, may be demanded by the Exchange.

(7) In case of the forms and documents, defined in this Article, are not submitted to the Exchange within the time frame prescribed in the first clause, an additional penal commission as one fourth of the commission to be paid for the transaction is taken from the parties. In order to make operations be done properly, The General Directorate is entitled to raise the punitive commissions fivefold depending upon latency time and frequency.

Sell orders

ARTICLE 15 – (1) Those given authority to trade shall submit the order form in the Annex-7 to the Exchange for precious stone or precious stone box they have by way of making announcement on the Exchange.

(2) Those forms or the information on are announced to the relevant parties on notice board in the Exchange and/or in an electronic environment by the Exchange.

Unit of currency

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ARTICLE 16 – (1) Transactions can be done in Turkish Lira or any other currency daily announced by and taking place in the indicative exchange rates table of Central Bank of the Republic of Turkey. The Exchange transaction fee is collected, for transactions stated in Article-12 in currency that trade is done, for cases stated in Article-13 and Article-14 in currency takes place on the invoice.

(2) In the event that a transaction or invoice constituting a base for trade is issued in any currency which is not included in valuation report, the conversion between currencies is done according to the selling rate of exchange of the Central Bank of the Republic of Turkey on the date of trade.

Meeting obligations concerning trade

ARTICLE 17 – (1) Settlement of precious stone, precious stone box, precious article and money is done between the parties of the trade. The Exchange does not get involved in the settlement of precious stone, precious stone box, precious article and money and does not have any responsibility on parties's meeting obligations on those trades.

Custody of precious stones in the Exchange

ARTICLE 18 – (1) In case of demand from those given authority to or those involved in the realization of trade on the Market and their signing Safe Deposit Box Agreement for the Diamond and Precious Stone Market in the Annex-8, boxes, in appropriate size and numbers, can be leased on yearly or daily basis.

(2) A strong room is allocated for the purpose of safekeeping of precious stones in the Market. The security of the room is provided by the Exchange.

(3) Those provided safekeeping shall give the keys back to the Exchange at the end of the lease term.

(4) Insurance of the stored precious stones belongs to tenants who benefit from custody. The tenant is responsible for precious stones to be kept in the vault, the Exchange, providing all sorts of security, cannot be held responsible for any damages to be incurred on stored precious stones.

Safekeeping fees

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ARTICLE 19 – (1) In the event that it is demanded by those given authority to trade on Diamond and Precious Stone market of the Exchange, the following fees, for precious stones to be stored, are taken:

- a) For small-sized boxes 200 TRY yearly, 2 TRY daily,
- b) For medium-sized boxes 250 TRY yearly, 3 TRY daily,
- c) For large-sized boxes 300 TRY yearly, 4 TRY daily.

(2) In case of leasing boxes on daily basis, in determining the lease amount number of calendar days are taken as basis.

(3) At the end of the lease term, in case the keys are not given back to the Exchange or are lost 100 TRY and also accrued taxes are taken from the lessee.

Fees and commissions

ARTICLE 20 – (1) For the first transaction of precious stones which are imported for the purpose of being traded on the Exchange and precious stones which are kept in stock yet previously not traded on the Exchange, 1.25 per thousand of total value of trade and relevant accrued taxes are charged to each party as the Exchange transaction fee and are invoiced monthly by the Exchange.

(2) In the cases that the valuation report is the basis, and total trade value is higher or lower than appraisal price by %30, the appraisal value is taken as a basis in the calculation of the Exchange transaction fee.

(3) In case of a precious stone, previously traded on the Exchange, is traded again, 0.75 per thousand of value of invoice as the Exchange transaction fee and relevant accrued taxes are charged to each party and those fee and taxes are invoiced monthly by the Exchange.

(4) In precious article's handover, 0.75 per thousand of the value of precious stone, specified in the invoice and registered on the Exchange, as the Exchange transaction fee and relevant accrued taxes are charged to each party and those fee and taxes are invoiced monthly by the Exchange.

(5) Within the scope of this regulation, the interest rate applied to the public receivables will be applied to the total amount of commission, including punitive commission, if any, for the delay time.

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(6) In transactions done within the context of Kimberley Process Certification Scheme, 3 per thousand of the value of certificate and relevant taxes are also taken.

Cancellation of transactions

ARTICLE 21 – (1) In the event that trade parties submit in written form for the matters, requiring cancellation of transactions stated in relevant legislations, relevant transaction or transactions may be cancelled by approval of the EVP responsible for the Market.

(2) In this case, the EVP, responsible for the Market, is entitled for the matters of refunding of commissions and/or setting off commissions from future transactions

Informing market members

ARTICLE 22 – (1) Value, amount and, if any, appraisal price of precious stone or precious stone box is announced by the Exchange for transactions done on or statement made to the Exchange.

Discipline

ARTICLE 23 – (1) Those given authority to trade on the Market, are responsible for accuracy of declarations regarding transactions and full implementation of provisions this regulation, in case of any breach the provisions of discipline of the Exchange shall be applied.

FOURTH CHAPTER

Miscellaneous and Final Provisions

Responsibility of the Exchange

ARTICLE 24 – (1) The Exchange shall not be held responsible for; accuracy of declarations and notifications of those given authority to trade, amount of realized transactions, delivery obligations of sellers or buyers for precious stones, precious articles or money of those, whether or not invoices are issued in line with tax and customs legislation, the possible tax and customs problems might be encountered by those given authority to trade due to business and transactions that are not incompatible with tax and customs legislation, late delivery of notifications, due to any reason, to the Exchange, disappearance and theft of and damage to or any consequence arising from those precious stones brought to the Exchange, consequences resulting from implementation of discipline provisions and so forth.

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Repealed regulations

ARTICLE 25 – (1) The Circular no. 461 dated 29/09/2014 has been repealed.

Effective date

ARTICLE 26 – (1) The provisions of this regulation concerning valuation will be effective following determination of valuation company by the Exchange and within this period, assayer report shall be submitted to the Exchange in place of valuation report defined in the third clause of Article-6.

(2) The fees and commissions, defined in the third and fourth clauses of Article-20, regarding the Exchange transactions will be applied following approval of the Capital Markets Board of Turkey. Until approved by the Capital Markets Board of Turkey, the rates in the first clause of the aforesaid Article will be applied.

(3) The other provisions included in this regulation will become effective by the date of issue.

Execution

ARTICLE 27 – (1) The provisions of this regulation will be executed by the CEO.