COMMUNIQUÉ ON MARGIN TRADING, SHORT SALES AND LENDING AND BORROWING OF SECURITIES

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SECTION ONE
PURPOSE, SCOPE, DEFINITIONS AND ABBREVIATIONS

PURPOSE AND SCOPE

ARTICLE 1- The purpose of this Communiqué is to regulate margin trading, short sales, securities lending and borrowing transactions and the principles and fundamentals about the institutions that will carry out these activities.

LEGAL BASIS

ARTICLE 2- This Communiqué has been issued in accordance with paragraph (l) of the amended Article 22 of Capital Market Law No: 2499.

DEFINITIONS

ARTICLE 3- For the purposes of this communiqué, the following definitions shall apply:

Law	:	Capital Market Law No: 2499 dated 28 July1981
Board	:	Capital Markets Board,
Stock Exchange	:	Exchanges where capital market instruments shall be traded and any other organised markets where transactions subject to this Communiqué are permitted to take place by the Board,
Takasbank		ISE Settlement and Custody Bank Inc.
ISE Bylaw	:	Istanbul Stock Exchange Bylaw Published in the Official Gazette dated 19.02.1996 numbered 22559
Equity Capital:	:	the amount of equity capital calculated in accordance with the regulations of the Board concerning the capital and capital

		adequacy of intermediary institutions.
Securities subject to transactions	:	capital market instruments purchased in return for the margin used or the sales revenue obtained from short sales, and the total amount of cash and capital market instruments deposited as margin by the customer as a result of these transactions.
Government Domestic Debt Instruments Market Makers	:	intermediary institutions and banks designated by the Undersecretariat of Treasury to give bilateral quotations for Government Domestic Debt Instruments.
Criterion Assets	:	the Government Domestic Debt Instruments to be specified by the Undersecretariat of Treasury of the Republic of Turkey.

SECTION TWO
GENERAL PROVISIONS

Authorized Institutions

ARTICLE 4- The brokerage houses that possess the certificate of authorization for intermediation in secondary trading may undertake margin trading, short sales and lending and borrowing of capital market instruments without any further permission from the Board.

The brokerage houses can carry out the transactions contained in the Communiqué, unless otherwise specified, in 30 working days, on condition they document to the Board that they meet the conditions such as place, technical hardware, personnel and accounting system which are included in these Communiqué.

The credits extended by banks in return for the securities specified as margin in this Communiqué in order to be used directly by the customers for purchasing the capital market instruments are subject to the principles contained in this Communiqué excluding the provisions about the general and specific limits regulated in the Articles 7 and 8 on condition that the related legislation provisions are reserved.

The transactions of lending and borrowing of capital market instruments can be carried out by the brokerage houses, banks and by Takasbank in the framework of principles contained in this Communiqué without getting any additional authorization. The conditions for admission, the transaction rules and methods and the other provisions to be applied to the market for transactions of lending and borrowing of capital market instrument, formed within Takasbank shall be determined by a regulation upon the suggestion of the board of directors of Takasbank subject to the approval of the Board .

The banks and brokerage houses, which are not authorized as Government Domestic Debt Instruments Market Makers, can only lend the Government Domestic Debt Instruments but cannot carry out the borrowing transaction.

General Conditions

ARTICLE 5- (As amended by Communiqué Serial: V, No: 74) The brokerage houses are obliged to procure the technical hardware necessary to provide the control mechanisms and carry out the transactions of margin trading, short sales and lending and borrowing of capital market instruments, and to appoint personnel having the sufficient technical and professional information and charged for daily reporting of the compliance of margin rates with the regulations and the framework agreement signed with the customers and the deputy general director or the director of a unit as the responsible person in case of the absence of the deputy general director upon the decision of the board of directors in order to submit reports to the general director. Brokerage houses shal establish a margin committee consisting of the general director or deputy general director and managers of the related units under the chairmanship of a member of board of directors upon the decision of the board of directors. The duties and authorities of the margin committee shall be specified in the internal control procedures of the brokerage houses.

Capital market instruments to be subjected to the transactions

ARTICLE 6- Among the capital market instruments which are traded in the stock exchanges and other organized markets, the ones to be subject to the transactions of margin trading, short sales and lending and borrowing of capital market instruments shall be divided into one or more groups by considering conditions such as the market capitalization, liquidity, number of shares in circulation and transaction frequency, notified to the Board and announced following the approval of the Board by the authorized bodies of the related stock exchange.

If the Board deems necessary it may request, the authorized body of related stock exchange to exclude certain capital market instruments from the lists.

When there is an amendment in the lists, the capital market instruments excluded from the lists shall be included in temporary lists by the related stock exchange until the following amendment period in order to carry out the liquidation transactions on condition that it will not exceed three months.

The credit extended for a capital market instrument excluded from the list may continue with the condition that the security taken out of the list is exchanged with another capital market instrument included in the list upon the proposal of the customer and approval of the brokerage house.

The criterion assets specified by the Undersecretariat of Treasury are the securities to be subjected to the transaction of lending and borrowing by the Government Domestic Debt Instruments Market Makers. The Government Domestic Debt Instruments that are not included among the criterion assets to be subjected to the transaction of lending and borrowing by the Government Domestic Debt Instruments Market Makers are announced by the Stock Exchange in the framework of the opinion of the Undersecretariat of Treasury. However, the lending and borrowing of capital market instruments other than the Government Domestic Debt Instruments by banks and the transactions of lending and borrowing of Government Domestic Debt Instruments within the Central Bank of the Republic of Turkey are not subject to the provisions of this paragraph.

General Transaction Limits

ARTICLE 7- The total amount of the credits extended by brokerage houses and the total of the value of the shares sold short for the accounts of customers and/or for their own accounts calculated separately for each activity, shall not exceed twice the average of their equity capital calculated as of the end of each month for the 3 months preceding the current month.

However, in case the value of equity capital of the last month included in the average is less than the average value, instead of the average of last three months, the value of equity capital of the last month is taken into consideration for the limit calculations. The special provisions on strengthening capital involved in the regulations of the Board related with the capital and capital adequacy of brokerage houses are reserved.

The transaction limits determined in this article by the Board can be changed upon taking the opinion of the Central Bank of the Republic of Turkey.

If the Board deems necessary, it may decrease the transaction limits stated in this article by considering the financial structure and transactions of the brokerage house or may prohibit the brokerage house from undertaking transactions subject to this Communiqué. In this case, the Board shall grant the brokerage house a period of time to adapt its transactions to the new limit or to liquidate. If the Board decreases the transaction limits stated in this article by considering the financial structure and transactions of the brokerage house or prohibits the brokerage house from undertaking transactions subject to this Communiqué, these matters shall be subjected to the announcement provisions about the annulment of certificates of authorization as specified in the regulations of the Board on intermediation activities. If the brokerage houses whose limits on the transactions of margin trading, short sales and lending and borrowing of capital market instruments have been decreased or who have been prohibited from undertaking the mentioned transactions apply for undertaking the mentioned transactions again, their applications are evaluated by the Board.

Special Transaction Limits

ARTICLE 8- The amount of credit extended to a customer by brokerage houses shall not exceed 10 % of their average equity capital calculated in the framework of the Article 7.

On condition that the maintenance margin is applied in the ratio of 50% or more during the margin trading transaction, the amount of the credit extended to a customer by the brokerage house may be increased twofold. However, this provision is not applied for the brokerage houses benefiting from the special provision related with strengthening capital included in the regulations of the Board on the capital and capital adequacy of the brokerage houses.

In the calculation of this ratio,

a)the total amount of credit to be extended to a natural person and his/her wife/husband and children, to the partnerships in which they participated with unlimited liability or for which they are the chairman or member of the board of directors, , general director or deputy general director,

b) the partnerships in which these persons or another legal person hold 25% or more of the capital ,

c) the persons acting together in the purchasing and selling the securities due to an employment relation, contractual relation or other reasons

are considered to be extended to one customer.

Collateralizing transactions during the clearing period

ARTICLE 9- For purchases of a share which has not been cleared yet, each customer must possess net wealth in the ratio of minimum 20% of the open clearing position possible to occur at any time. The brokerage house may specify a higher collateral ratio.

In the calculation of the open clearing position, firstly the amounts of purchases and sales carried out for the same share are cleared and the net cash obligation of the customer to the brokerage house resulting from the transactions of share purchasing is calculated.

The net wealth of the customer is composed of the securities mentioned in the Article 12 of this Communiqué. In the calculation of the net wealth, the securities for which the customer has not carried out the obligation of clearing and the securities held as collateral for a transaction are not taken into consideration.

In case the collateral ratio included in the first paragraph of this article is not brought about due to any reason, the orders which will further lower the guarantee ratio, shall not be accepted and if the customer cannot provide the guarantee ratio at the end of the day, the securities of the customer in the amount of ensuring the mentioned guarantee ratio shall be sold at the beginning of the first session of the following day in the framework of the provisions of the contract until the guarantee ratio determined by the brokerage house is ensured.

(As amended by Communiqué Serial: V, No: 74) In cases where the necessary investigations have been carried out by the brokerage houses about the financial strength of the customer to carry out the cash obligation; the positive opinion of the credit committee has been taken with the documents verifying that the customer has the property and solvency in the amount covering his/her dept by taking his/her liquidity into consideration in the framework of the "know your customer" rule included in Article 12 of the Communiqué Serial: V, No: 46 on Principles Regarding Intermediary Activities and Intermediary Institutions published in the Official Gazette dated 7 September 2000 and No: 24163; and the limits have been assigned upon the decision of the board of directors, the purchasing order shall be accepted without requiring a collateral, on condition that it will not exceed the clearing period.

The above-mentioned matters must be included in the contract of engagement for intermediation in secondary trading to be signed between the brokerage house and the customer in order to inform the customer beforehand.

Margin Account and Separation of the Accounts

ARTICLE 10- Brokerage houses are obliged to open a margin account in the name of natural or legal persons that will undertake margin trading and short sales transactions in capital market instruments. If the margin trading and short sales transactions of the customers occur at the same time, then separate accounts shall be opened for the two transaction types.

(As amended by Communiqué Serial: V, No: 74) The margin account shall be processed and monitored separately from the other accounts of the customer at the brokerage house. The minimum margin amount that should be deposited for margin trading, the margin deficiency and similar financial liabilities of the customer which have resulted from the transactions in the scope of this Communiqué can not be covered by the securities and cash held in other accounts of the customer at the brokerage house. However, transfer between accounts can be made if there is a written instruction of the customer about the settlement of the dept and receivables between the accounts of the customer in order to complete the margin deficit .

Contracts of Engagement

ARTICLE 11- In order to undertake the transactions of margin trading, short sales and lending and borrowing of capital market instruments, "the contract of engagement on margin trading of capital market instruments", "the contract of engagement on short selling" and "the contract of engagement on lending and borrowing capital market instruments" must be signed in accordance with the characteristic of the transaction between the brokerage house and the customer. The minimum matters, which must be included in these agreements, are established by the Board. These contracts are framework agreements constituting a basis for separate transactions to be made, regulating the relation between the intermediary institution and customer in general, and concluded for once at the beginning, before the transactions take place.

The framework agreements shall be prepared in continuous serial numbers and in a minimum of two copies, and one of these copies shall be provided to the customer.

The contracts of engagement shall not contain provisions in violation of capital market legislation , provisions seriously violating the rights of customers and providing extraordinary unilateral rights to the brokerage house, and provisions that place the burden of proof for orders to the customer. In the absence of particular provisions in these agreements, general provisions shall apply.

Securities to be considered as margin

ARTICLE 12- (As amended by Communiqué Serial: V, No: 74) The securities to be considered as equity capital in the transactions of margin trading, short sales and lending and borrowing of capital market instruments are Turkish Liras in cash or convertible foreign exchange, or as the capital market instruments, they are the capital market instruments included in the lists of capital market instruments to be subjected to the transactions, the participation certificates of mutual funds of A and B type, government bonds and treasure bills traded in the stock exchange, the gold and other valuable items having the standards determined by the Undersecretariat of Treasury and being traded in Istanbul Gold Exchange and the other capital market instruments to be specified by the Board.

When calculating the ratio of margin in the transactions of margin trading and short selling of capital market instruments,

a) (As amended by Communiqué Serial: V, No: 74) If cash, government bonds, treasury bills, participation certificates of mutual fund of B type, the gold and the other valuable metals which are traded in the Istanbul Gold Exchange and have the standards determined by the Undersecretariat of Treasury and/or the other capital market instruments to be specified by the Board are accepted, 100% of these assets,

b)If shares included in the ISE 100 index and/or the participation certificates of mutual funds of A type are accepted, 90% of the securities being deposited,

c)If the shares outside the ISE 100 index, 75% of the securities,

shall be accepted as margin.

(As amended by Communiqué Serial: V, No: 78) The amount of the share bought with credit which are being issued by one company, shall not exceed 60% of the value of securities to be subjected to the transaction which shall be appraised under Article 13 for each customer. The shares deposited as margin shall not be considered in this respect. If the ratio 60 % is exceeded due to changes in current market values of securities, brokerage houses shall inform the customer through the most rapid way of communication (fax, telephone, internet or etc) and get confirmation on the date when the deficiency is observed. If the ratio is not ensured within a period that shall not exceed two days, as specified in the contract of engagement on margin trading, the brokerage house shall execute the necessary transactions on the margin account to ensure compliance with the provisions of the Communiqué without needing to send a further notification .

On condition that there is an applicable provision in the contract of engagement, the customer may exchange the securities deposited as margin with other securities. Capital market instruments purchased by the customer in cash cannot be used in the transactions of margin trading and short selling of capital market instruments without the written consent of the customer, and the capital market instruments that the customer purchased through margin trading cannot be used by any means as margin in short selling transactions.

Brokerage houses may require a higher maintenance margin ratio in accordance with the risk levels associated with purchased or short sold capital market instruments and the financial status of the customer.

In initial and subsequent the margin trading and short selling transactions, Brokerage houses are authorized to accept as margin, all or a certain percentage of the current market value of securities

In the transactions of margin trading and short selling of capital market instruments, the Board is authorized to lower or to increase the margin ratio collectively for all brokerage houses or for particular brokerage houses. The Board shall take opinion of the Central Bank of Republic of Turkey when changing the margin ratio generally. The Board is also authorized to establish the margin ratio on the basis of capital market instruments and to change this ratio.

Valuation of Capital Market Instruments

ARTICLE 13- The capital market instruments subject margin trading and short selling and lending and borrowing and deposited as margin shall be valued by brokerage houses taking into consideration the following principles:

a- On the date of purchase, purchase prices of capital market instruments and commissions,

b- In the following days, weighted average price of the capital market instruments at the previous session,

c- If there was no transaction on the capital market instrument at the previous session and no weighted average price can be obtained, the simple average of the best bid and best ask at the last session,

shall be used in valuation.

Mutual Fund Participation Certificates shall be valued with the unit value that is calculated and announced by the founder at the end of each working day.

In case of permanent trading halts or temporary trading halts where the trading halt has exceeded 5 days or where the Board of Directors of the Exchange has decided on the continuation of the trading halt,, the related shares shall no longer have the quality of collateral . Such shares shall not be accepted as margin for the transactions in the scope of this Communiqué, and the ones previously accepted as margin shall not be taken into consideration in calculating the margin ratio .

The convertible foreign exchanges deposited as margin shall be valued in accordance with the prices realized in the stock exchanges and in other organized markets (if any), in case of the absence of these prices, they shall be valued according to the foreign exchange purchasing rates announced by the Central Bank of the Republic of Turkey.

The Government Domestic Debt Instruments shall be valued within the framework of the valuation principles included in the regulations of the Board regarding the capital and capital adequacy brokerage houses.

The value of capital market instruments determined within the framework of the principles above shall be considered as the current market value in the implementation of the Communiqué.

Protection of capital market instruments that are the subject of margin trading, short sale and borrowing and lending transactions

ARTICLE 14- Within the framework of provisions of this Communiqué, securities that are the subject to margin trading, short sale and borrowing and lending transactions, and cash and securities that are submitted by the investor to the brokerage house as margin due to these transactions cannot be pledged, disposed with an aim other than its purposes of use and transferred to third parties.

Transaction Ban in Public Offering

ARTICLE 15- A brokerage house, intermediating in the public offering of capital market instruments registered with the Board, may not undertake margin trading in these securities during the public offering period. In case of public offerings of capital market instruments registered with the Board through sale in the stock exchange, brokerage houses may not undertake short selling on the mentioned capital market instruments

The regulations of the Board on providing the price stability in the public offerings are reserved.

SECTION THREE
MARGIN TRADING OF CAPITAL MARKET INSTRUMENTS

Margin trading of capital market instruments

ARTICLE 16- The transaction of margin trading of capital market instrument is the customer's purchase of capital market instruments by using credit within the framework of the principles in this Communiqué. When placing an order, customers are required to declare that the transaction involves margin trading of capital market instruments.

For a non-margin trading order, in case all or part of the amount the customer is liable to pay is not delivered as of the clearing date or the said amount does not exist in the customer's account at the brokerage house , the transaction shall be considered as margin trading under with the limits in Articles 7 and 8 .

In this case, within three working days following the clearing date, the brokerage house must;

a-Consider this transaction as margin trading of capital market instruments in accordance with the provisions of this Communiqué by obtaining the written consent of the customers with whom contracts of engagement on margin trading have been concluded and by signing a contract with customers with whom such a contract has not been previously concluded, or;

b-Collect the debt by selling the capital market instruments purchased on behalf of the customer who has failed to meet his/her cash liability in an amount corresponding to his/her liability, provided that such a provision is included in the contract of engagement on intermediation in secondary trading and that the purchase order has been clearly notified to the customer, or;

c-Liquidate or initiate the acts required to liquidate the default, through the application of Article 39 of the ISE Regulation or general provisions,

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Where the transactions for which clearing liabilities have not been realized involve capital market instruments not included in the lists of capital market instruments being subject of the transactions, subparagraphs (b) and (c) of paragraph three of this article shall be applied.

The margin in margin trading of capital market instruments and its protection

ARTICLE 17- The margin amount in margin trading of capital market instruments is calculated by deducting the credit extended and the interest accrued daily from the current values of the securities determined in accordance with the principles in the first paragraph of the Article 13, credit amount given from the total of incomes such as interest and etc., and interests that are daily accrued.

Customers have to deposit at least 50% initial margin for the transaction of margin trading of capital market instruments. The initial margin to be deposited means the deposit of cash or securities in advance, equal to the current value of securities to be purchased by the credit. The maintenance margin ratio must be at a minimum of35% in the course of margin trading of capital market instruments.

The following formula shall be used in the calculation of the margin ratio:

[(current market values of the securities subject to the transactions-amount of credit)/ current market values of the securities subject to the transactions].

In case of determination of more than one list of capital market instruments to be subject to transactions within the scope of this Communiqué by the related stock exchange, the Board may determine different margin ratios for different lists and it shall announce these ratios in the Weekly Bulletin.

In order to stop losses, the customer may request the inclusion of an article in the contract of engagement on margin trading to determine the principles under which an ex officio sale order shall be implemented to ensure the sale of capital market instruments by the brokerage house at a higher margin ratio before the margin ratios as specified in the contract of engagement on margin trading or as determined as a minimum in this article are reached.

Margin Call

ARTICLE 18- The brokerage houses are obliged to calculate and report the margin amount of their customers in the Margin Account for each working day in accordance with the format included in the Appendix II of the Communiqué

(As amended by Communiqué Serial: V, No: 74) If the margin ratio in Margin Account is below the maintenance margin due to changes in current market values of securities, the brokerage houses shall inform the customer and get confirmation through the most rapid way of communication (fax, telephone, internet or etc) on the date when the deficiency is observed about the margin deficiency so that the ratio shall be brought up in cash and/or as capital market instrument. The example of calculation on the margin calls in the transactions of margin trading of the capital market instruments are contained in Appendix I of the Communiqué.

Following the margin call, if the margin deficiency has not been eliminated within the period determined in the agreement not to exceed two working days, the brokerage house is authorized to sell the capital market instruments which are purchased through margin trading and/or given as equity capital and to close the margin account without further notification. Any purchasing orders of the customers to whom the margin call has been sent shall not be executed during the period from the notification day to the completion of the margin.

Withdrawal of Cash from the Account and Re-Investment

ARTICLE 19- If the margin amount in the customer's account is found to be above the initial margin, the excess margin can be withdrawn as cash from the margin account or if agreed by the brokerage house, can be used as margin in new margin transactions of capital market instruments.

Exercise of Rights Arising from Capital Market Instruments

ARTICLE 20- The interest and dividend revenues of the capital market instruments that the customer had purchased through margin trading and deposited as margin shall belong to the customer. In the absence of any provisions to the contrary in the contract of engagement, these revenues shall be collected by the brokerage house on behalf of the customer.

The voting rights attached to the securities belong to the customers. Rights issues and bonus issues of shares deposited as margin or purchased by credit shall be exercised by the brokerage house for the account of the customer.

Obtaining credit by brokerage houses for use by the customer

ARTICLE 21- Brokerage houses may obtain loans from banks, Takasbank and the other institutions and organizations approved by the Board and organized borrowing markets in their margin trading of capital market instruments to be executed in the scope of the principles defined in this Communiqué for the use of their customers in return for collateral capital market instruments. In return for these credits, brokerage houses shall not deposit collaterals exceeding the amount demanded by the credit institution as margin for each customer. The capital market instruments deposited as collateral shall be used as collateral exclusively for the credit raised for the use of a particular customer.

Institutions and organizations and markets from which brokerage houses obtain credits shall receive capital market instruments as collateral for the credit extended and shall not sell them to another individual or institution, shall not offer them as collateral or lend them. The provisions on the termination of the credit and re-payment, contained in the contract signed between the brokerage house and the credit institution are reserved.

The case when the Credit becomes due

ARTICLE 22- The credit shall become due in the following conditions,

a- If the customer does not pay his/her debt despite the margin call by the brokerage house;

b- If the credit term determined by the framework agreement of margin trading of the capital market instruments ends;

c- If the capital market instruments subject to margin trading transaction are taken out of the list.

In return to a credit that has become due, the credit may be covered through the sale of the securities deposited as collateral in case such a provision is included in the contract, or deposited to the account of the brokerage house. In this case, the mentioned securities shall be valued in accordance with the valuation provisions included in Article 13 of this Communiqué.

Where the credit becomes due, the provisions in the contract of engagement on margin trading of capital market instruments and general legal provisions shall be applied in the absence of applicable provisions in the Communiqué.

Custody of the capital market instruments

ARTICLE 23- The capital market instruments received through margin trading or deposited as marginshall be kept at Takasbank in the name of the brokerage house and in respect of individual the customers, in the case that the credit is used in the framework of the principles defined in Article 21 these instruments shall be kept in Takasbank in the name of the related institution that extended the credit,. The capital market instruments received as collateral in return to the credits extended by the banks to the customers in the scope of the third paragraph of Article 4 shall be monitored in the bank records in terms of customers.

If the pledge of the shares constituting the equity of the credit are agreed on by the parties, it is materialized in the context of the general provisions through brokerage house on behalf of Takasbank.

SECTION FOUR
SHORT SALES

Short Sales

Article 24 – Short sales are sales or placement of sale orders for capital market instruments that are not actually owned. Satisfaction of the clearing liability by means of borrowed capital market instruments also signifies short sales.

In cases where a capital market instrument has been purchased or where an agreement binding both parties on the transfer of the capital market instrument has been concluded prior to the placement of a sale order, but the delivery of the capital market instrument has not yet been made, it shall be deemed that the customer owns the related capital market instrument. The customer is obliged to notify that the order placed to brokerage house is a “short sale order”, in writing.

(As amended by Communiqué Serial: V, No: 74)If the capital market instruments being subject of the sale are not available in the account of the customer at the brokerage house at the time of sale order or the said liability is fulfilled by means of borrowing the related capital market instrument, sale order given by the customer shall be deemed as short sale pursuant to the provisions of this Communiqué and stock exchange transaction rules about short sales without need for any further notification. However, if the customer declares in writing or by means of any communication (fax, telephone, internet or etc) that he/she is capable to award the sold capital market instrument and that he/she will forward the capital market instrument by the time of clearing, the transaction shall not be deemed as a short sale. The customer is responsible for the accuracy of the declaration. The brokerage house is responsible for the investigation of the accuracy of the customer’s declaration, if needed, confirmation of the accuracy of the declaration and providing and keeping the necessary documents thereon.

The transactions realized by Government Domestic Debt Instruments Market Makers authorized to give bilateral quotation regarding Government Domestic Debt Instruments by Undersecretariat of Treasury are not deemed as short sales under this Communiqué.

(As added by Communiqué Serial: V, No: 74)In case of failure to deliver all or a part of the capital market instrument being subject to sale within the clearing period or the same is not available in the account of the customer at the brokerage house as of clearing date, the provisions about default shall be applied to the customer, and within maximum 2 working days from the clearing date, liquidation of the said default or starting the required actions for the liquidation shall be realized by means of:

a) Purchase of the capital market instrument from the Stock Exchange in the amount corresponding to the liability not fulfilled, which has been gained from the sale made in name of the customer not fulfilling his/her liability, provided that the sale-purchase frame agreement signed in advance contains provisions about such action and the customer is clearly advised that his/her sale instruction has been realized,

or

b) Application of provisions of article 38 or general provisions of ISE Regulation. In addition, the required notification about the customer in default is given to the ISE pursuant to article 35 of the Communiqué .

Margin in short sales and its maintenance

Article 25- The margin in short sales is calculated by adding up the current values of the securities determined in accordance with the principles in the first paragraph of the article 13 and the revenue gained from short sale.

The customer has to deposit at least 50% margin at the beginning for the transaction of short sales. The initial margin means that the securities being subject to the short sale shall be deposited in cash in the amount of its current market value or the security shall be invested in cash. The minimum margin rate of 35% is obligatory in the course of short sale actions.

The following formula shall be used in the calculation of the rate of equity capital:

[(current market value of the securities subject to the transactions – market value of capital market instrument subject to short sale)/ current market values of the securities subject to the transactions]

The principles specified under the first paragraph of the article 13 shall be applied for the valuation of capital market instruments being subject to short sales or deposited as margin.

In order to stop losses, the customer may request the inclusion of an article in the contract of engagement on short sales to determine the principles under which an ex officio sale order shall be implemented to ensure the purchase of capital market instruments by the brokerage house at a higher margin ratio before the margin ratios as specified in the contract of engagement on short sales or as determined as a minimum in this article are reached.

Margin call

Article 26- The brokerage houses are obliged to calculate and report the equity amount of their customers in the short sales accounts for each working day in accordance with the format included in the Appendix II-A of the Communiqué.

If the margin ratio in short sale account falls below the rate providing minimum margin amount, the brokerage houses shall inform the customer and get confirmation through the most rapid way of communication (fax, telephone, internet or etc) on the date when the deficiency is observed about the margin deficiency so that the ratio shall be brought up in cash and/or as capital market instrument. An example on the calculation on the margin calls in the transactions of short sale are contained in the Appendix III of the Communiqué.

Following the margin call, if the margin deficiency has not been eliminated within the period determined in the agreement not to exceed two working days, the brokerage house is authorized to close down the short sales transaction pursuant to the provisions of the agreement by means of using the cash gained from short sales or sale of capital market instruments deposited as equity capital without further notice.

Withdrawal of cash from the account and re-investment

Article 27- If the amount of margin in the customer's account is found to be above the initial margin, the excess margin can be withdrawn as cash from the margin account or if agreed by the brokerage house, can be used as margin in new short sale transactions.

Notification of short sale order

Article 28 – The brokerage house shall clearly state to the Stock Exchange that the order is a short sale order in case of receipt of a short sale order in writing or in case a brokerage house discovers that a transaction is a short sale pursuant to paragraph three of article 24 or if the brokerage house will realize such a transaction on its own account.

Brokerage houses shall be responsible for any penal liabilityarising from failing to notify the Stock Exchange on short sale orders which were given to brokerage house by the customer in writing as short sale order and/or the orders discovered to be short sale orders pursuant to paragraph 3 of article 24.

Customers and brokerage house are separately liable for any breach of the provisions of this Communiqué in relation to each notification requirement imposed on them.

Price limit in transactions

Article 29 – In cases where a brokerage house executes a short sale in the name of its customer or on its own account, the short sale shall be executed at aprice higher than the price at which the last trade of a security subject to short sale is executed. However, short sale may be effected at the price at which the last trade was executed, if such price is above the next preceding price.

At the opening of the session, the price at which the last trade is executed is the closing price of the previous session.

Restriction on short sale transactions

Article 30- The members of the board of directors of the company issuing capital market instrument and their executives and the shareholders of the company owning 10% or higher rate of shares of the company as well as those discovered to act jointly with them and their spouses and those under their guardianship are banned from effecting short sales of capital market instrument of the said company.

SECTION FIVE
Borrowing and Lending of Capital Market Instruments

Borrowing and lending of capital market instruments

Article 31 – Borrowing and lending of capital market instruments is the lending of capital market instruments for a certain period to the borrower and the return of an equal number of the same type of capital market instruments to the lender, within the principles determined in the contract of engagement.

(As amended by Communiqué Serial: V, No: 78)The brokerage houses may lend to other persons and institutions the capital market instruments kept in the name and account of the brokerage house itself and capital market instruments kept in the accounts or portfolio of other persons and institutions provided that they have authorized the brokerage house to do so, upon receiving written instruction of them or their instructions through any communication means (fax, telephone, electronic mail etc.).

Exercise of rights arising from borrowed capital market instruments

Article 32– Within the borrowing and lending period, if the issuing corporation pays dividend or interest for the borrowed capital market instruments prior to their delivery , related payments shall be made to the lender by the borrower within the framework of the provisions of the contract of engagement.

Prior to delivery of shares sold short to the lender, if rights issues and bonus issues of shares due to capital increase by the issuing corporation occur, the obligations of parties shall be determined freely under the provisions of the contract of engagement.

The difference between the amount of margin deposited by the borrowing brokerage house and the current value of borrowed capital market instruments shall be calculated by using the form for tracking borrowed securities given in Appendix IV of the Communiqué.

Deposit of margin for borrowed capital market instruments

Article 33- The borrower shall provide margin in an amount to be freely determined between the borrower and the lender, provided that such amount is not less than 100% of the current value of borrowed capital market instrument, to the lender for borrowed capital market instruments.

The margin to be deposited must consist of those securities acceptable as margin as specified under article 12. However, the securities acceptable as margin for borrowing and lending transactions to be effected by Government Domestic Debt Instruments Market Makers shall be determined by the related Stock Exchange upon obtaining opinion of Turkish Central Bank and Undersecretariat of Treasury.

The difference between the amount of equity capital and current market value of capital market instruments shall be monitored daily by the brokerage house in name of the lender by issue of a Form for monitoring lent securities given under Appendix V of the Communiqué. If the amount of equity capital is below 100 % of current market value of capital market instruments, the related customer shall be notified by the brokerage house on the same day by means of the most rapid communication means so that the difference between the amount of margin and current market value of securities is covered. However, if the borrower is the brokerage house and lending party is a customer of the brokerage house the brokerage house must complete the amount of the equity capital to the initial amount without notification.

It is essential for the margin to be covered on the day on which the notification is received. In case of failure to complete the margin on the day of notification, the liabilities shall be fulfilled from the margin amount and/or the margin available in the account of the customer because of short sales of the customer, without need for any further notification, and the negative difference, if any, shall be compensated for by the customer.

Provisions of paragraph one of article 13 shall be applied for valuation of capital market instruments borrowed or deposited as margin. In so far as, only the weighted average price of the capital market instrument from the previous session shall be taken into account on the borrowing and lending date.

If the amount of margin in the customer's account is found to be above the rate specified under the first paragraph of this article, the principles about utilization of the extra equity capital shall be specified under the contract of engagement on borrowing and lending capital market instruments to be signed by the borrower and the lender.

The case when borrowing and lending liabilities becomes due

Article 34- In the following conditions, the liability arising from borrowing and lending transaction shall become due.

a) If the customer does not pay his/her debt despite the margin call by the brokerage house,

b) If the borrowing and lending transaction term determined by the contract of engagement on borrowing and lending of capital market instruments,

c) If the capital market instruments subject to short sale transaction are taken out of the list.

A debt that has become due may be covered through the liquidation of the securities deposited as margin in case such a provision is included in the contract, or deposited to the account of the brokerage house. In this case, the mentioned securities shall be valued in accordance with the valuation provisions included in Article 13 of this Communiqué.

When the debt arising from borrowing and lending transactions becomes due, the provisions of the contract of engagement on lending and borrowing of capital market instruments and the general legal provisions shall be applied in the absence of any applicable provisions in the Communiqué.

SECTION SIX
OTHER PROVISIONS

Notification about failure of the customer to complete margin and /or to fulfil clearing liabilities

Article 35- (As amended by Communiqué Serial: V, No: 78)The related brokerage house shall notify to the Stock Exchange, the customers failing to fulfil their liability to complete the margin and/or clearing liabilities more than two times during a 3-month period within 2 working days, and the identity of such customers shall be disclosed by the Stock Exchange. However, amounts of 1 billion TL or less or the amounts not exceeding 5% of the net worth of the customers as of default date may not be notified to the Stock Exchange. In case the cash or securities being subject to the transaction is not available in the customer's account or the customer fails to deposit the said amount in cash on the order date, purchase or sale orders of such customers shall not be accepted by any brokerage house during six months from Stock Exchange's disclosure date.

The provisions about boycott specified under ISE Regulations are reserved.

The amount specified in the first paragraph shall be increased by the re-valuation coefficient announced annually by the Ministry of Finance.

Overruled provisions

Article 36- The Communiqué Serial: V, No: 18 Regarding Margin Trading, Short Sales and Borrowing and Lending Transactions of Securities published in Official Gazette dated 27 December 1994 and No: 22154 is overruled.

Provisional Article 1- The brokerage houses whose license to engage in margin trading, short sales and borrowing and lending of securities were revoked by the Board prior to the entry into force of this Communiqué may apply to the Board to obtain license for dealing with such activities upon fulfilling the conditions such as having required place, technical equipment, personnel, accounting system specified under this Communiqué. The applications of these brokerage houses shall be evaluated by the Board.

Provisions of article 4 shall not be applied for the brokerage houses already having license to deal with loaned securities, short sales and borrowing and lending securities.

Entry into Force

Article 37- This Communiqué shall enter into force on 1/1/2004.

Execution

Article 38 - This Communiqué shall be executed by the Capital Markets Board.

Appendix/1

An example to of the Calculation of the Amount of Margin in Margin Trading of Capital Market Instruments

	I	II	III	IV	V
	Current Market Value of Securities subject to the Margin Trading (TL) (I)=(II)+(III)	Cash or the market value of the capital market instruments deposited as Margin (TL) (II)	Current Market Value of the Capital Market Instruments Purchased by the Credit (TL) (III)	Amount of Credit (TL) (IV)	Rate of Equity (TL) (V)=(I-IV/I)
Day1 (Account is opened)	10,000,000	5,000,000	5,000,000	5,000,000	%50
Day 2	8,000,000	3,000,000	5,000,000	5,000,000	%37
Day3 (Call Day	7,000,000	2,000,000	5,000,000	5,000,000	%28
After The Call	10,000,000	5,000,000	5,000,000	5,000,000	%50

Day 2: In case the price of security provided decreases by TL 2 million, there is no need for the margin call to cover equity as the rate of the equity (37%) is greater than the minimum required equity rate (35%).

Day 3: In case the price of security provided decreases by TL 3 million, since the rate of equity (28%) is less than minimum equity rate (35%), the brokerage institution shall inform the customer to deposit additional amount of equity capital to increase the rate of the equity to the initial margin foreseen under the Communiqué (50%) (over 3 TL million)

Appendix /2

The Oversight Form of Margin Trading

Date:

Number:

Customer		Equities			Margin Account Remainder	Current Market Value Of the Stocks Purchased Through Margin Trading	Calculated Margin	
Number Name Amount	Rate of Margin	Cash	Security					
			Current Market Value	Accepted as Margin		A	Amount	Ratio

Appendix /2-A

The Over Sighting Form Of Short Sales

Date:

Number:

Customer		Equities			Short Sale Account Remainder	Current Market Value of the Stocks Being Subject to the Short Sale	Calculated Margin	
Number Name Amount	Rate of Margin	Cash	Security IIIIIIIIIIIIIIIIII Current Market Value	Accepted as Margin			Amount	Ratio

Appendix /3

An example Related to the Calculation of Margin in Short Sales

	I	II	III	IV	V

	Current Market Value of the Securities Subject to the Transaction (TL) (I)=(II)+(III)	Revenue Obtained Through Short Sale (TL) (II)	Cash or the market value of the capital market instruments Deposited as Margin (TL) (III)	Current Market Value of the Capital Market Instruments Being Subject to Short Sale (TL) (IV)	Margin Rate (TL) (V)=(I-IV/I)
Day1 (Account is opened)	10,000,000	5,000,000	5,000,000	5,000,000	%50
Day 2	10,000,000	5,000,000	5,000,000	6,000,000	%40
Day3 (Call Day	10,000,000	5,000,000	5,000,000	7,000,000	%30
After The Call	14,000,000	5,000,000	9,000,000	7,000,000	%50

Day 2: If the price of current value of capital market instruments being subject to short sales increases by 1 million TL, there is no need for a call to cover the equity as rate of the equity(40%) is greater than minimum equity rate(35%).

Day 3: In case the price of the current value of capital market instrument being subject to short sales increases by TL 2 million, the brokerage house must place a call to cover the equity capital and the customer must increase the rate of the equity capital to the initial equity capital foreseen under the Communiqué (50%) (over TL 3 million) and deposit additional equity since rate of the equity(30%) is less than minimum equity rate(35%).

Appendix /4

The Oversight Form of Borrowed Securities

Date:

Number:

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Borrower Person/Institution	Current Market Value of Borrowed Securities	Deposited Collaterals			Calculated Collateral Rate
Number Name/ Title		Cash	Security: Curent Market Value	Security: Accepted as Collateral	

Appendix /5

The Oversight Form Of Lended Securities

Date:

Number:

Lender Person/Institution	Current Market Value Of Lended Securities	Received Collaterals			Calculated Collateral Rate
Number Name/ Title		Cash	Security: Current Market Value	Security: Accepted as Collateral	