COMMUNIQUÉ ON PRINCIPLES REGARDING INVESTMENT SERVICES, ACTIVITIES AND ANCILLARY SERVICES

(III-37.1)

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List of Amendments:

1. Communiqué (III-37.1.a) Amending Communiqué III-37.1 on Principles Regarding Investment Services, Activities and Ancillary Services, published in the Official Gazette edition 29593 on 14.01.2016.
2. Communiqué (III-37.1.b) Amending Communiqué III-37.1 on Principles Regarding Investment Services, Activities and Ancillary Services, published in the Official Gazette edition 29975 on 10.02.2017.
3. Communiqué Amending Communiqué III-37.1 on Principles Regarding Investment Services, Activities and Ancillary Services, published in the Official Gazette edition 30216 on 20.10.2017.

FIRST CHAPTER

Purpose, Scope, Grounds, Definitions and Abbreviations

Purpose and Scope

ARTICLE 1 – **(1)** The purpose of this Communiqué is to determine the principles of receiving authorization for the activities of investment firms, and the rules and principles to comply with during investment services, activities and ancillary services are being provided thereof.

Ground

ARTICLE 2 – **(1)** This Communiqué is based on Articles 37, 38, 39, 45 and 128 of the Capital Markets Law no. 6362 dated 6 December 2012.

Definitions and Abbreviations

ARTICLE 3 – **(1)** For the purposes of this Communiqué, following definitions shall apply:

a) Intermediary institution: An investment firm authorized by the Board to deal exclusively with the investment services and activities defined in sub-paragraphs (a), (b), (c), (e) and (f) of first paragraph of Article 37 of the Law,

b) Bank: Deposit banks, participation banks, development and investment banks defined in the Banking Law no. 5411 dated 19 October 2005,

c) Association: Capital Markets Association of Turkey,

ç) Exchange: Systems and market places authorized in accordance with this Law no.6362 and established in the form of joint stock corporations that are operated and/or managed by themselves or a market operator to ensure smooth and secure trading of capital market instruments, foreign exchange, precious metals and precious stones and other contracts, documents and assets deemed appropriate by the Board under free competition conditions and to determine and declare the prices formed, and which operate on a regular basis to bring together purchase and sale orders so as to execute them or to facilitate bringing together of such order,

d) Distribution channels: Any means of communication which provides or may provide access to data by a large population,

e) Financial Assets: Capital market instruments, money market instruments and transactions, cash, foreign exchange, deposits, participation accounts and other assets and transactions approved by the Board,

f) Issue: The issue of capital market instruments by issuers and their sale with or without public offering,

g) Leveraged transactions: Sale and purchase transactions through leverage of the foreign exchange, precious metals and other assets designated by the Board, on an electronic platform, in consideration of collateral deposited,

ğ) Law: Capital Markets Law no. 6362,

h) Benchmarking criterion and threshold value: Criterion and value designated by the Board in its regulations pertaining to performance presentation, performance based remuneration and rating activities for individual portfolios and collective investment schemes,

ı) Board: Capital Markets Board,

i) CRA: Central Registry Agency as defined in Article 81 of the Law,

j) Shareholders' Equity: Shareholders' equity calculated according to the regulations of the Board pertaining to capital and capital adequacy requirements for intermediary institutions,

k) Professional and General Clients: Professional and general clients as defined in the regulations of the Board pertaining to principles regarding establishment and operations of investment firms,

l) Capital Market Instruments: Securities and derivative instruments as well as other capital market instruments designated so in this context by the Board, including investment contracts,

m) Other Organized Market Places: Alternative trading systems, multilateral trading facilities and other organized markets outside exchanges, which bring together buyers and sellers of capital market instruments, provide intermediary services in purchase and sale transactions, establish and operate systems and facilities for these purposes,

n) Over-the-counter Market: Markets except exchanges and other organized market places,

o) Over-the-counter Transaction: Transactions executed in markets other than exchanges and other organized market places,

ö) Derivatives: Instruments listed below or other derivative instruments designated in this context by the Board:

1) Derivatives giving the right to buy, sell or interchange the securities,

2) Derivative instruments the values of which depend on the price or return of a security; the price or price change of a foreign currency; an interest rate or a change in the rate; the price or price change of a precious metal or precious stone; the price or price change of a commodity; statistics published by institutions deemed appropriate by the Board and changes in them; derivative instruments which provide the transfer of credit risk, which have measurement values such as energy prices and climatic variables and depend on an index level which is formed by these listed items or on changes in this index level; the derivatives of these instruments, and derivatives giving the right to interchange the listed underlying assets,

3) Leveraged transactions on foreign exchange and precious metals as well as other assets to be designated by the Board.

p) Investment Firm: Intermediary institutions, banks and other capital market institutions established to perform investment services and activities, the establishment and operation principles of which are designated by the Board,

r) Influential investment comment and advice: Comments and advices addressed to investors, which contain phrases encouraging the sale and purchase of certain capital market instruments or may otherwise change the decisions of investors,

s) ICC: Investor Compensation Center defined in Article 83 of the Law.

SECOND CHAPTER

Investment Services and Activities, and Ancillary Services

Investment Services and Activities

ARTICLE 4 – **(1)** Investment services and activities regulated by this Communiqué and which may be executed with a prior authorization of the Board are as follows:

a) Reception and transmission of orders in relation to capital market instruments,

b) Execution of orders in relation to capital market instruments in the name and account of the customer or in their own name and in the account of the customer,

c) Dealing on own account,

ç) Individual portfolio management,

d) Investment advice,

e) Underwriting of capital market instruments on a firm commitment basis,

f) Placing of financial instruments without a firm commitment basis,

g) Operation of multilateral trading systems and regulated markets other than exchanges,

ğ) Safekeeping and administration of capital market instruments in the name of the customer and portfolio custody services,

h) Conducting other services and activities to be determined by the Board.

Obligation to Receive Authorization for Investment Services and Activities

ARTICLE 5 – **(1)** An authorization from the Board is required to be able to perform each investment service and/or activity regulated in this Communiqué as a regular occupation and/or a commercial and/or professional activity.

(2) Investment services and activities can only be performed by investment firms. Provisions regarding investment companies and portfolio management companies are reserved.

(3) Transactions to be fulfilled by investment firms with parties other than their customers on capital market instruments for their own portfolio, without the purpose of providing investment services and activities; shall not be subject to authorization by the Board.

Ancillary Services

ARTICLE 6 – **(1)** The ancillary services that may be carried out by investment firms in connection with their authorizations for investment services and activities are as follows:

a) Providing consultancy services regarding capital markets;

b) Granting credits or lending and providing foreign exchange services limited to investment services and activities ;

c) Providing investment research and financial analysis or general advice concerning transactions in capital market instruments;

ç) Providing services in relation to the conduct of underwriting;

d) Providing intermediary services for obtaining financing by borrowing or through other means;

e) Wealth management and financial planning;

f) Conduct of other services and activities to be determined by the Board.

(2) Provisions of the legislation with respect to ancillary services which may be provided by portfolio management companies are reserved.

Obligation to Notify for Ancillary Services

ARTICLE 7 – **(1)** Ancillary services shall be provided by investment firms according to principles determined by the Board without being subject to a separate license.

(2) Investment firms, in their application of authorization for operating, shall be liable to notify the ancillary services that they intend to provide. If other ancillary services are also planned to be provided after receiving the authorization for operating, those shall be notified separately to the Board.

(3) Ancillary services which have been notified shall be executed in accordance with the principles determined in this Communiqué, unless otherwise determined by the Board within

20 business days following the notification made to the Board. Periods elapsed during completion of lacking documents and information requested by the Board shall not be taken into consideration in calculation of mentioned period.

Grouping of Intermediary Institutions

ARTICLE 8 – **(1)** Among intermediary institutions, those:

a) which are engaged in any or all of reception and transmission of orders and investment advice related services and activities shall be called "narrowly authorized intermediary institutions";

b) which are engaged in any or all of execution of orders, best effort, limited custody and portfolio management related services and activities shall be called "partially authorized intermediary institutions";

c) which are engaged in any or all of dealing on own account, general custody and underwriting related services and activities shall be called "broadly authorized intermediary institutions".

Activities of Institutions Residing Abroad

ARTICLE 9 – **(1)** All kinds of investment services and activities obtained by persons residing in Turkey, including investment firms, on their own initiative, from financial institutions residing abroad, and accounts opened at such institutions, and cash and other assets transferred to such accounts, and transactions fulfilled on these accounts are out of the scope of this Communiqué, provided that activities such as promotion, advertisement and marketing are not intended for persons residing in Turkey.

(2) For the purposes of the application of preceding paragraph, any cases such as opening a workplace in Turkey, creation of a web site in Turkish, and intending advertisement and marketing activities directly and/or through persons or institutions residing in Turkey with respect to investment services provided by the institutions residing abroad, shall be deemed to be intended for the persons residing in Turkey, and relevant provisions of the legislation shall apply. Additional criteria on determination as to whether the activities are intended for persons residing in Turkey shall be determined by the Board.

THIRD CHAPTER

Activity of Intermediation in Trading Transactions

Activity of Intermediation in Trading Transactions

ARTICLE 10 – The activity of intermediation in trading transactions means jointly all activities carried out for the purposes of reception and transmission of orders set forth in subparagraph (a), and execution of orders set forth in subparagraph (b) and dealing on own account set forth in subparagraph (c) of first paragraph of Article 37 of the Law and as defined in this Communiqué.

Definition of the Activity of Reception and Transmission of Orders

ARTICLE 11 – **(1)** Within the scope of subparagraph (a) of first paragraph of Article 37 of the Law, the activity of reception and transmission of orders means transmission of customer orders regarding capital market instruments by investment firms:

a) To an investment firm authorized within the scope of subparagraph (b) or (c) of first paragraph of Article 37 of the Law, or

b) To an institution residing abroad which has obtained authorization for operating from the competent authority of the relevant country, except for the leveraged transactions,

and provision of information regarding the results of orders.

(2) Following activities shall also be deemed within the scope of the activity of reception and transmission of orders:

a) teller services such as transmission of demands to the relevant investment firm with respect to collection of demands during public offering, private placement or sale to qualified investors, and collection or refunding of cash paid by the customers in consideration of relevant capital market instruments;

b) introduction to investors of the investment services and activities which may be provided by the investment firm in favor of whom activities are held and which is authorized for execution of orders and/or dealing on own account, and intermediation for the conclusion of contracts;

c) activities for bringing together the parties wishing to make contracts, in consideration for a commission fee.

(3) Services listed in the second paragraph may be provided to customers without a framework agreement.

Investment Firms Which May Conduct the Activity of Reception and Transmission of Orders

ARTICLE 12 – **(1)** The activity of reception and transmission of orders may be provided by intermediary institutions and except for leveraged transactions by banks, provided that an authorization is received from the Board.

Special Conditions for Conducting the Activity of Reception and Transmission of Orders

ARTICLE 13 – **(1)** In order to be eligible for receiving authorization for the activity of reception and transmission of orders, in addition to compliance with the required general conditions for commencing operations in the Board regulations regarding the principles on the establishment and operations of investment firms, the investment firms are obliged to:

a) have satisfied condition of the minimum shareholders' equity specified for this service in the related regulations of the Board with respect to capital and capital adequacy requirements for intermediary institutions

b) have formed the organizational structure including the unit in charge of conducting the activity of reception and transmission of orders, and have employed the unit manager;

c) have employed an adequate number of specialized staff to work in central or non-central organization units where the activity of reception and transmission of orders to be conducted;

ç) have determined the list of investment firms authorized for execution of orders and/or dealing on own account to which the orders are going to be transmitted, and the corporate policy as to how such process is to be operated.

(2) Provisions of subparagraph (a) of first paragraph shall not be sought for in applications of banks for the activity of reception and transmission of orders.

Principles for Conducting the Activity of Reception and Transmission of Orders

ARTICLE 14 – **(1)** Investment firms are obliged to comply with the following principles in conducting the activity of reception and transmission of orders:

a) A contract determining the rights and liabilities of the parties must be signed between the investment firm authorized for the activity of reception and transmission of orders and each investment firm in favor of whom activities are conducted.

b) Both the investment firm authorized for the activity of reception and transmission of orders and the authorized investment firm in favor of whom activities are conducted are required to sign a framework agreement separately with the customer before initiating the transactions. However, it is possible to make only one framework agreement if principles on the activity of reception and transmission of orders and the activity of execution of orders are set forth in the same agreement upon mutual understanding and entitling by both authorized investment firms.

c) The accounts and transactions of customers are required to be kept and monitored on a customer basis at the institution in favor of whom activities are conducted.

ç) A copy of all kinds of documents and records, including framework agreements and risk statements, regarding the orders transmitted to the authorized institution in favor of whom activities conducted are required to be kept at the authorized institution for the activity of reception and transmission of orders.

d) The investment firm in favor of whom activities are conducted shall be liable for sending the required notifications to customer in accordance with the Board regulations pertaining to documentation and record-keeping. However, upon request of the customers, relevant information and documents solely relating to the opening of accounts and transmission of orders are required to be submitted by the authorized investment firm providing reception and transmission of orders.

e) Both the authorized investment firm providing reception and transmission of orders and the authorized investment firm in favor of whom activities are conducted are required to protect the confidentiality of customer orders. Order information belonging to customer shall not be disclosed to any third party or used against the customer and/or in favor of third parties without the customer’s knowledge.

(2) Each new contract to be established within the scope of the activity of reception and transmission of orders shall be separately notified to the Board.

Principles on Conducting the Activity of Reception and Transmission of Orders with Institutions Residing Abroad

ARTICLE 15 – (1) Regarding cases in which the activity of reception and transmission of orders are provided for institutions residing abroad, it is obligatory to make a notification to the Board before initiating the transactions. Each new contract to be established within the scope of this paragraph shall separately be subject to notification.

(2) Regarding cases in which the activity of reception and transmission of orders are provided for institutions residing abroad:

a) It is required to execute a written contract with institutions which have received an authorization by the competent authority of the country where the transactions to be realized;

b) Both the investment firm authorized for the activity of reception and transmission of orders and the authorized institution residing abroad in favor of whom activities to be realized, are required to sign a framework agreement separately with the customer before initiating the transactions;

c) The required risk statement shall be notified to the customer in accordance with the Board regulations regarding the principles on establishment and activities of investment firms;

ç) A copy of all kinds of information and documents, including framework agreements and risk statements regarding the orders transmitted to the authorized institution in favor of whom activities are realized is required to be kept at the investment firm authorized for the activity of reception and transmission of orders and to be submitted to the customer upon request.

(3) Notifications to the Board in accordance with this Article shall be evaluated as to whether there is satisfactory information flow between the Board and the competent authority of the relevant country and there is harmony between relevant legislations of both countries. Unless otherwise stated by the Board within 20 business days following the date of notification to the Board, services and activities subject to notification shall be initiated in accordance with the principles set forth under this Communiqué. Periods elapsed during completion of the lacking information and documents requested by the Board shall not be taken into consideration in calculation of mentioned term.

(4) Investment firms shall not conduct the activity of reception and transmission of orders with the institutions residing abroad with respect to leveraged trading transactions.

(5) Regulations of the Board regarding registration and sale of foreign capital market instruments are, however, reserved.

Definition of the Activity of Order Execution

ARTICLE 16 – **(1)** The activity of execution of orders within the scope of subparagraph (b) of first paragraph of Article 37 of the Law means, on top of the activity of reception and transmission of orders, the execution of customer's buy or sell orders concerning capital markets instruments by investment firms in the name and account of the customer or in their own name and in the account of the customer, by transmitting them:

a) to stock exchanges or other organized market places; or

b) to an institution authorized in accordance with subparagraph (c) of first paragraph of Article 37 of the Law; or

c) to an institution residing abroad having an authorization from the competent authority of the relevant country, except for the leveraged transactions.

Investment Firms which May Conduct Order Execution

ARTICLE 17 – **(1)** The activity of order execution may be provided:

a) by intermediary institutions in relation to capital market instruments; or

b) **(As amended: OG 14.01.2016 – 29593)** by investment and development banks on capital market instruments, with the exception of leveraged transactions,

c) **(Added: OG 14.01.2016 – 29593)** by banks, other than investment and development banks, on capital market instruments; with the exception of stocks, leveraged transactions, and derivative instruments based on stock indices or stocks,

(2) (Added: OG 14.01.2016 – 29593) Without prejudice to the provisions of the stock exchange legislation, in order for investment and development banks to conduct intermediation in order execution under subparagraph (b) of the first paragraph of this Article, a non-publicly held intermediary institution is required to have requested cancellation of all of its operating licenses and to withdraw from all investment services and activities.

(3) The schedule indicating investment firms which may conduct the activity of order execution on the basis of capital market instruments is provided in Annex/1.

Special Conditions for Conducting the Activity of Order Execution

ARTICLE 18 – (1) In order to be eligible for receiving authorization for the activity of execution of orders, in addition to compliance with the required general conditions for commencing operations in the Board regulations regarding the principles on the establishment and operations of investment firms and with the special conditions regarding the activity of reception and transmission of orders set forth in Article 13, investment firms are required:

a) to have obtained an authorization to provide limited custody services in accordance with subparagraph (a) of third paragraph of Article 59 or to have applied to the Board for obtaining such authorization;

b) to have satisfied the requirement of minimum shareholders' equity for such activities in accordance with the Board regulations regarding capital and capital adequacy requirements of intermediary institutions;

c) to have designated a list of markets in which the transactions shall be executed, and of the institutions, if any, authorized for the activity of transmission of orders and for the activity of dealing on own account, with whom they will work with, as well as their policy regarding how order execution process shall be operated;

ç) to have assigned an adequate number of customer representatives and accounting and operation staff for derivative instruments within those investment firms conducting derivatives transactions.

(2) Subparagraph (b) of first paragraph shall not apply to banks applying for authorization for the activity of execution of orders from the Board.

Principles for Conducting the Activity of Order Execution

ARTICLE 19 – (1) While conducting the activity of order execution of, investment firms are obliged to comply with the following principles:

a) Investment firms shall accept and execute customer orders in compliance with order execution policy, principles set forth in the framework agreement, liability to execute customer orders in best way and duty of care and loyalty.

b) Orders requiring transactions at the stock exchange shall further be received and executed according to principles set forth in the relevant legislation.

c) In cases where investment firms authorized for conducting order execution execute the orders by transmitting those orders to an investment firm authorized for dealing on own account, they are obliged:

1) to conclude a written contract with this investment firm regarding the mutual rights and obligations of the parties, before initiating the transaction;

2) to keep and monitor the accounts and transactions of customers within their institution on customer basis;

3) to execute customer orders before orders with the same price belonging either to its own account or to the account of related parties.

ç) Cash receivables that become payable to customers regarding over-the-counter derivatives transactions are required to be paid in full and in cash within no later than 3 business days upon the request of customer.

d) General customers and customers accepted as a professional customer upon request may not be caused to transact in such manner to incur a loss even in excess of the security amounts deposited with respect to the leveraged transactions. If and when an investor suffers a loss even in excess of its security deposit due to market conditions, such loss may not be claimed from general customers or customer accepted as professional customer upon demand.

e) Provisions of subparagraph (d) are not applied on the customers accepted as a professional customer upon request if demanded so by the relevant customer in writing.

f) Investment firms are responsible for protecting the confidentiality of customer orders. Information on customer orders may not be transmitted to any third party or used against the customer or in favor of a third party without acknowledging the customer.

Principles for Conducting the Activity of Order Execution in Foreign Markets

ARTICLE 20 – **(1)** The activity of order execution may be carried out in foreign markets through membership to any stock exchange or other organized market place abroad or through an institution residing abroad, which was granted an authorization from the competent authority of the relevant country. In this case, a notification must be made to the Board before initiating

any transaction. Each new membership and contract established within the scope of this paragraph shall separately be subject to notification.

(2) Investment firms to conduct the activity of order execution of in foreign markets shall be required:

a) to conclude a written contract with the relevant institution in accordance with subclause (1) of subparagraph (c) of first paragraph of Article 19 in cases where the transactions are conducted through an institution residing abroad, which was granted an authorization from the competent authority of the relevant country;

b) to have executed a framework agreement with its customers regarding transactions executed abroad and to have provided the required risk statement in accordance with the Board regulations pertaining to establishment and operations of investment firms;

c) to keep and monitor the transactions executed in foreign markets on customer basis, and to this end, to establish the required and satisfactory documentation, record-keeping, communication, accounting and internal control systems;

ç) to inform the Board within 3 business days about events that may affect the financial or legal situations set forth in the reports submitted to the relevant authority, and about the sanctions imposed and applied by the relevant authority, following the date of their occurrence in cases where the transactions are conducted through membership to any stock exchange or other organized market places abroad.

(3) Notifications to be made to the Board in accordance with this Article shall be evaluated as to whether there is satisfactory information flow between the Board and the competent authority of the relevant country, and there is harmony between relevant legislations of the countries. Unless otherwise stated by the Board within 20 business days following the date of notification made to the Board, services and activities subject to the notification shall be initiated in accordance with the principles set forth in this Communiqué. The time period used for completion of the lacking information and documents to be requested by the Board shall not be taken into account in the calculation of this term.

(4) Investment firms may not conduct the activity of execution of orders in foreign markets with respect to leveraged transactions.

Definition of the Activity of Dealing on Own Account

ARTICLE 21 – (1) Within the scope of subparagraph (c) of first paragraph of Article 37 of the Law, the term "dealing on own account" means, on top of the activity of execution of orders, the execution of customers' buy and/or sell orders on capital market instruments by the investment firms as a counterparty thereto.

Investment Firms That May Provide the Activity of Dealing on Own Account

ARTICLE 22 – (1) (As amended: OG 14.01.2016 – 29593) Dealing on own account may be conducted provided that permission of the Board is obtained;

a) by intermediary institutions on capital market instruments,

b) by investment and development banks on capital market instruments, except for leveraged transactions,

c) by banks, other than investment and development banks, on capital market instruments; with the exception of stocks, leveraged transactions, and derivative instruments based on stock indices or stocks,

without prejudice to the pertinent provisions of stock exchange legislation.

(2) (Added: OG 14.01.2016 – 29593) Without prejudice to the provisions of stock exchange legislation, in order for investment and development banks to conduct dealing on own account activities under subparagraph (b) of the first paragraph of this Article, a non-publicly held intermediary institution is required to have requested cancellation of all of its operating licenses and to withdraw from all investment services and activities.

(3) The schedule indicating investment firms which may provide the activity of dealing on own account by capital markets instrument type is provided in Annex/2.

Special Conditions for Providing the Activity of Dealing on Own Account

ARTICLE 23 – (1) In order to be eligible for receiving authorization to provide the activity of dealing on own account, in addition to compliance with the required general conditions for commencing operations in the Board regulations regarding the principles on the establishment and operation of investment firms and with the special conditions regarding the activity of execution of orders; investment firms are required:

a) to have obtained an authorization to provide limited custody services in accordance with subparagraph (a) of third paragraph of Article 59 or to have applied to the Board for being granted such authorization;

b) to have satisfied the condition of minimum shareholders' equity required for such activities in accordance with the Board regulations on capital and capital adequacy requirements for intermediary institutions;

c) to have established a risk management unit in relation to the transactions subject to the activity of dealing on own account;

ç) to have employed and assigned a unit manager, having minimum 5 years of experience in financial markets, solely for this activity, as well as an adequate number of specialized personnel reporting to the unit manager;

d) to have the unit manager and the specialized personnel hold either Advanced Level License on Capital Market Activities or License on Derivative Instruments depending on the type of transactions to be executed;

e) to have designated a list of markets in which the transactions are going to be executed, and of the institutions, if any, authorized for reception and transmission of orders, execution of orders and dealing on own account, with whom they will work with, as well as their order execution policies as to how such processes shall be operated.

(2) Subparagraph (b) of first paragraph hereof shall not apply to banks applying to provide the activity of dealing on own account, and subparagraph (c) of first paragraph hereof also shall not apply to those banks on the condition that the department responsible for risk management

within the Bank also pursues and monitors the risks related to the activity of dealing on own account.

Principles on Providing the Activity of Dealing on Own Account

ARTICLE 24 – (1) While providing the activity of dealing on own account, investment firms are obliged to comply with the following principles in addition to the principles on the activity of order execution:

a) Investment firms shall accept and execute customer orders in compliance with their order execution policies, principles set forth in the framework agreements, liability to execute customer orders in best way and duty of care and loyalty.

b) Prices of transactions to be executed shall be determined objectively in line with the general market conditions and their fair values.

c) (As amended: OG 14.01.2016 – 29593) General customers and customers accepted as professional customer upon request may not be allowed to make transactions that will cause them to incur losses beyond their collateral deposited with respect to leveraged transactions. If and when an investor suffers a loss in excess of their collateral due to market conditions, such loss may not be claimed from general customers and customers accepted as professional customer upon request.

ç) (Added: OG 14.01.2016 – 29593) Provisions of subparagraph (c) shall not be applied to customers accepted as professional customer upon request, if demanded so by the relevant customer in writing.

FOURTH CHAPTER

Special Provisions on Derivatives Transactions

Derivatives Transactions

ARTICLE 25 – (1) Reception and transmission of orders, execution of orders and dealing on own account with regard to the derivatives, excluding leveraged transactions, may be conducted at the stock exchanges and other organized market places or over-the-counter markets, depending on transaction type.

Over-the-counter Derivative Instruments Transaction Types and Assets Underlying the Transactions

ARTICLE 25/A – (Added: OG 14.01.2016 – 29593) (1) Intermediary institutions intending to engage in over-the-counter derivative instrument transactions as a part of activity of order execution and dealing on own account are under obligation to prepare a list of types of derivative instruments to be traded, and of assets underlying such types of derivative instruments, in line with principles determined by the Association, and to publish this list on their Internet web site, and to send the same to the Association. All kinds of changes to be made in this list will also be published on the Internet web site, and will be notified by intermediary institutions to the Association within five business days following the date of publication. If demanded so, the lists will be transmitted by the Association to the Board.

(2) Contracts for difference, investment firm warrants and certificates and partnership warrants are, regardless of their definitions specified in other regulations of the Board, considered and treated as derivative instruments as per the provisions of this Communiqué.

(3) Contracts for difference executed over-the-counter are subject to provisions of this Communiqué pertaining to leveraged trading operations.

Policy of Collateralization in Over-the-counter Derivative Instruments Transactions

ARTICLE 25/B – (Added: OG 14.01.2016 – 29593) (1) Intermediary institutions shall determine a collateralization policy by a decision of their board of directors for types of derivative instruments and assets underlying these types of derivative instruments determined as per Article 25/A. Intermediary institutions shall prepare their policies within the frame of internationally accepted methods by considering at least whether or not they assume financial obligations and liabilities directly towards their customers, and the riskiness status of their customers, and the probable negative market conditions, and such special strategies of their customers as affecting their transactions for hedging and protection purposes or as creating a difference position.

(2) It is the responsibility of the risk management unit to conduct the collateralization policy and to propose required changes to the board of directors. This unit shall submit reports to the general manager about the collateralization status of customers on at least weekly basis. The process relating to creation and conduct of the collateralization policy shall be included in the internal control procedures of intermediary institutions. Proposals on amendments to collateralization policy are decided on by the board of directors.

(3) Validity and reliability of risk models used in collateralization policy are required to be tested through retrospective stress tests at least semi-annually. Results of the tests conducted as above shall be reported to the board of directors.

Position Limits in Derivative Instruments Transactions

ARTICLE 25/C – (Added: OG 14.01.2016 – 29593) (1) As a part of the collateralization policy, a limit relating to the size of positions that may be taken by each customer is required to be determined by intermediary institutions. Customers may be grouped for the sake of determination of limits. Limits may be determined on the basis of a contract or a group of contracts, and by considering whether or not the current month is the month of delivery, and whether or not the transaction is effected for hedging purposes. The rules determined by the Stock Exchange for transactions effected in the Stock Exchange are, however, reserved.

(2) In the determination of position limits, regard will be paid to ensuring that the financial standing of the intermediary institution is not affected to such extent that it cannot fulfill its capital adequacy liabilities, if and when the intermediary institution is required to meet and compensate losses caused by defaults or positions of a certain portion of the customers having the largest position, under extreme market conditions.

Principles on Receipt of Collaterals from Customers in Over-the-counter Derivative Instruments Transactions

ARTICLE 25/Ç – (Added: OG 14.01.2016 – 29593) (1) Intermediary institutions shall request collateral for over-the-counter derivative instrument transactions they are going to execute with

their customers. Transactions may not be started before collateralization. Structure of collateral is determined at least as initial and maintenance collaterals.

(2) Initial collateral refers to the minimum amount of collateral required to be deposited by the customer for initiation of transactions and taking of positions. Initial collateral rate is determined by intermediary institutions as the ratio of the deposited amount of collateral to the initially opened total position amount.

(3) Maintenance collateral refers to the minimum amount of collateral required to be held by the customer throughout the term of over-the-counter derivative instrument transactions. Maintenance collateral is determined by intermediary institutions as the ratio of the valued collateral amount to the size of positions held. If and to the extent the maintenance collateral rate falls below the specified rate, intermediary institutions shall make a margin call as stipulated in the framework agreement, and thereupon, the rate is raised to the initial collateral rate. Automatic payment systems of banks may be used upon demand of customer for reaching the maintenance collateral in a timely manner. However, this facility may not be used in such manner to lead to crediting of customers by intermediary institutions.

(4) If a customer fails to fulfill its obligation to supplement collateral in a timely manner after receipt of margin call, the customer will be deemed to be default without any further notice. Relevant positions causing customers to default may be automatically closed by intermediary institutions. Orders of customers in default for taking new positions in such manner to cause an increase in risks are not acceptable until the end of the event of default. Intermediary institutions may determine and apply a position closing rate which, when reached, leads to automatic and unilateral closing of open positions of relevant customers. It is required to determine this position closing rate below the current maintenance collateral rate.

(5) Amounts or rates of initial and maintenance collaterals, principles for the valuation of collaterals, follow-up of collaterals, margin calls, obligation to supplement margin, methods applicable in case of a drop below the maintenance collateral rate or of default, netting and automatic closing of positions, and principles as to pricing and assessment of assets are required to be determined and regulated by intermediary institutions. These details shall be provided in the framework agreement to be signed between intermediary institution and customer.

(6) In the event that derivative instruments orders received from customers are transmitted to another institution for execution in accordance with the provisions of this Communiqué, intermediary institutions shall request collateral from the customer at least in an amount equal to the amount of collateral demanded by the relevant institution with respect to these orders.

(7) Provisions of relevant regulations of the exchange, central clearing institution and central counterparty pertaining to monitoring and custody of assets and collaterals of customers are, however, reserved.

Services and/or Activities Excluded from the Scope of Derivatives Transactions

ARTICLE 26 – (1) Following services and/or activities are excluded from the scope of derivatives transactions:

a) Physical trading of foreign exchange, precious metals, precious stones, commodities or other assets.

b) Derivatives trading transactions performed by and between natural persons and/or legal entities without the intermediation of an investment firm, in such a manner that they cannot be considered as commercial or professional activity.

Leverage Rate and Collaterals in Leveraged Transactions

ARTICLE 27 – (1) (As amended: OG 10.20.2017 – 29975) Leverage ratio in leveraged transactions is the rate which indicates the amount of positions that may be taken in consideration of the security amount deposited for trading. The leverage rate to be applied in leveraged transactions at the time the position is opened for the first time may not exceed 10:1.

(2) (As amended: OG 10.20.2017 – 29975) The Board is authorized to change these ratios or to implement leverage ratios asset basis.

(3) (As amended: OG 10.20.2017 – 29975) In order to be able to conduct leveraged transactions, initial collateral amount of minimum TL 50,000 or equivalent amount in foreign exchange shall be deposited in the accounts.

(4) (As amended: OG 10.20.2017 – 29975) Positions may not be opened in cases where cash from an account is withdrawn or transferred to another institution prior to or after beginning transactions so as to lead to a decline in collateral below TL 50,000 or equivalent amount in foreign exchange.

(5) (As amended: OG 10.20.2017 – 29975) Maximum leverage rates to be applied within the frame of the principles set forth in the first paragraph hereinabove are determined in the framework agreement to be signed by and between intermediary institutions and customers. Said rates may subsequently be changed or revised only with a prior written consent of the customer. Customer consent may be obtained by all means of electronic communication, provided that it can be verified by intermediary institutions.

(6) In leveraged transactions, only cash in Turkish Lira or foreign currencies of which the daily trading exchange rates are published by the Central Bank of Turkey, shall be accepted as collateral. The Board may, if deems necessary, request acceptance of other assets as collateral on customer basis.

(7) Principles for calculation of collateralization rate, monitoring collaterals, margin call obligations, automatic closure of positions, and foreign exchange rates used in conversion of cash deposited as collateral into another currency shall be designated in the framework agreement.

(8) Principles on custody and safekeeping of collaterals in leveraged transactions shall be determined by the Board.

Monitoring and Reporting of Collateral for Leveraged Transactions

ARTICLE 27/A – (Added: OG 14.01.2016 – 29593) (1) (As amended: OG 20.10.2017 – 30216) Customer collateral kept by intermediary institutions must be monitored, and notified on the basis of customers, and kept at Takasbank.

(2) (As amended: OG 20.10.2017 – 30216) Collateral received from customers for leveraged transactions shall be reported and deposited by the next business day at in accordance with transaction times specified by Takasbank. Transactions in relation to depositing collateral

received from customers and updating collateral shall be performed in line with the principles in the seventh paragraph of this Article.

(3) Intermediary institutions authorized for order execution shall open accounts in the name of their customers in a central clearing institution. For opening of an account in a central clearing institution by an intermediary institution authorized for order execution, first of all, an account is required to be opened in the name of customer in the Central Registry Agency, and the registry identification should be made for this account. On the other hand, intermediary institution authorized for dealing on own account in whose favor the transaction is effected shall open a multiple account in the central clearing institution, and this account shall be linked to accounts opened in the name of customers.

(4) The intermediary institution authorized for order execution shall transmit the collateral received from customers to the intermediary institution authorized for dealing on own account on the basis of customers. Depositing, updating and withdrawal of customer collateral in and through the central clearing institution may only be effected by the intermediary institution authorized for dealing on own account.

(5) Collaterals of customers kept in central clearing institution shall be monitored by the intermediary institutions authorized for order execution and dealing on own account. The intermediary institution authorized for order execution is responsible for notifications to be sent to customers about monitoring of collaterals.

(6) (As amended: OG 20.10.2017 – 30216) Intermediary institutions authorized for dealing on own account shall report on a daily basis transaction details for the previous day, as specified by the Board, to the clearing institution on a daily basis. The authorized intermediary institution shall be responsible for the veracity of reporting.

(7) (As amended: OG 20.10.2017 – 30216) Collateral updates at Takasbank with respect to profits or losses recorded in customer accounts shall be made by the authorized intermediary institution. Monitoring of gross and net asset amounts of customers in the Takasbank system shall be enabled for customers and these amounts shall be updated by intermediary institutions at Takasbank on a daily basis. With respect to collateral received from customers under the second paragraph as of the time of reporting;

a) The part corresponding to the net assets of customers shall be transferred to sub-accounts opened in the name of the customer at Takasbank,

b) The amount of gross asset value, in excess of net asset value shall be transferred to a leveraged transactions collateral reserves account that will be opened at Takasbank in the name of intermediary institutions;

by the next business day in line with transaction times specified by Takasbank.

(8) (As amended: OG 20.10.2017 – 30216) As of the time of daily reporting the amount kept in the leveraged transactions collateral reserves account, shall be no less than fifty percent of the difference between aggregate gross and net asset value for all customers. Any deficiencies shall be deposited by intermediary institutions during updating, and any excesses may be withdrawn.

(9) The provisions of this Article are applicable for the management of collaterals of customers resident abroad of intermediary institutions.

Individual Portfolio Management and Investment Advice Restriction in Leveraged Transactions

ARTICLE 27/B – (Added: OG 14.01.2016 – 29593) (1) Intermediary institutions may not provide individual portfolio management or investment advice services in relation to leveraged transactions to their customers for whom they provide services in leveraged transactions.

Demo Accounts

ARTICLE 27/C – (Added: OG 14.01.2016 – 29593) (1) Before opening of an account for leveraged transactions, general customers are required to transact via a demo account to be offered by intermediary institutions as per operating principles prepared by the Association. Intermediary institutions are responsible for operation of demo accounts over real-time prices. The customer is required to transact via a demo account offered by each intermediary institution through which transactions will be executed.

(2) The customer is required to operate the demo account for minimum six business days and to execute minimum fifty transactions in total. The fulfillment of obligations set forth in this Article by the customer shall be certified by the relevant intermediary institution.

Statement To Be Taken From General Customers With Regard to Leveraged Transactions

ARTICLE 27/Ç – (Added: OG 14.01.2016 – 29593) (1) At the time of opening of an account, intermediary institutions are required to receive from their general customers a written statement confirming that they are aware:

a) that leveraged transactions are by nature risky, and losses may arise as a result of these transactions;

b) that the collateral deposited may be fully lost;

c) that transactions were executed via a trial account as per operating principles prepared by the Association;

ç) of the leverage rate to be applied in transactions;

d) of the profits / loss distribution announced on the Internet web site,

and they accept the same.

(2) If the account is opened via electronic media, the statement mentioned in the first paragraph may also be taken via electronic media in such manner to ensure that it may be easily understood that each of the statements is separately known and accepted by the customer, and that this may be certified by the intermediary institution if and when required.

Exclusions from the Scope of Leveraged Transactions

ARTICLE 28 – (1) The following activities and transactions are excluded from the scope of leveraged transactions:

a) Physical trading of assets that may be subject to leveraged trading transactions;

b) Transactions among banks and those transactions executed by banks to provide liquidity to intermediary institutions.

Cancellation of Orders in Leveraged Transactions

ARTICLE 29 – (1) (As amended: OG 14.01.2016 – 29593) Executed customer orders may not be cancelled by intermediary institutions. However, orders may be cancelled:

a) for the purpose of making an improvement in favor of the customer upon an objection;

b) for the purpose of recovering the unjust treatment of a customer resulting from a technical problem in the trading platform;

c) if orders received from professional customers are automatically transmitted to another institution through a system created without an intervention, and said position is cancelled by the counterparty.

(2) (As amended: OG 14.01.2016 – 29593) In cases where the intermediary institution would like to perform a transaction within the scope of subparagraphs (b) or (c) of the first paragraph, said transaction shall be performed for all relevant customers in accordance with provisions of subparagraphs (b) or (c) of the first paragraph. Related customers shall be notified promptly on the transaction with reasoning thereof via the quickest means of communication.

(3) (Added: OG 14.01.2016 – 29593) Cancellation of orders under subparagraph (c) of the first paragraph may be executed at the latest within the next trading day.

(4) (Added: OG 14.01.2016 – 29593) All customer orders cancelled pursuant to subparagraphs (a), (b) or (c) of first paragraph shall be reported to the central clearing institution at the latest within the business day following the cancellation, and shall also be kept in the relevant intermediary institution in accordance with the regulations of the Board pertaining to documentation and record-keeping. Reporting should cover and contain a statement relating to the customer objection in the case of an order cancellation pursuant to subparagraph (a) of first paragraph, or a detailed description of the underlying technical problem, and a statement that the order cancellation covers all relevant customers in the case of an order cancellation pursuant to subparagraph (b) of first paragraph, or a copy of the letter verifying that the order is cancelled by the counterparty, and a statement that the order cancellation covers all relevant customers in the case of an order cancellation pursuant to subparagraph (c) of first paragraph. Changes in the report submitted to the central clearing institution must be notified to the central clearing institution within the first business day following the date of detection of the change. Reporting principles shall be determined by the central clearing institution.

(5) Conditions under which the standing orders may be cancelled or prices be changed, and conditions under which customer accounts may be closed for trading shall be determined within the framework agreement.

Reporting of Special Events in Market

ARTICLE 29/A – (Added: OG 14.01.2016 – 29593) (1) Upon occurrence of any one of the following events, such events are reported by intermediary institutions to the Association in accordance with the principles determined by the Association:

a) Technical problems arising out of the electronic transaction platform of an intermediary institution to such extent to prevent customer transactions;

b) Extraordinary price movements in traded assets, and price gaps occurring as a result of these price movements to such extent to exceed the rates to be determined by the Association, and number of investors who incur losses and whose positions are closed as a result of these extraordinary price movements, and total amount of resulting damages.

Platforms, Programs, Modules and Add-ons Used by Intermediary Institutions in Over-the-counter Derivative Transactions

ARTICLE 29/B – (Added: OG 14.01.2016 – 29593) (1) Intermediary institutions are under obligation to report to the Association in writing within ten days following the starting date of use, all electronic transaction platforms used in over-the-counter derivative transactions as a part of their dealing on own account or order execution activities, and all kinds of programs, modules and add-ons used in these platforms, and their principles and purposes of operation and use, and in addition, use of new platforms, programs, modules and add-ons, and their replacement. The platform reported as above and the programs, modules and add-ons used in that platform may not contain components which produce results contrary to the rights and interests of investors. Platforms, programs, modules and add-ons, other than those reported to the Association, may not be used.

(2) With the intention of determining whether or not intermediary institutions perform their obligations arising out of the preceding first paragraph, a special-purpose independent audit is required to be conducted at least twice a year without prior knowledge of intermediary institutions and under principles to be determined by the Board through independent audit firms included by the Board in the list of institutions authorized for independent audit and duly authorized pursuant to the regulations of the Banking Regulation and Supervision Agency pertaining to audit of information systems and banking processes of banks. The special-purpose independent audit agreement to be signed with the independent audit firm is required to incorporate a clause verifying that the special-purpose independent audit performed by independent audit firms will be conducted without prior knowledge of the intermediary institution.

(3) Board staff may, with a view to increasing and developing their knowledge and skills and without damaging the auditor's independence principle, accompany as an observer each stage of the special-purpose independent audit process to be conducted by the authorized institutions specified in the second paragraph. Board staff may not use the know-how of the authorized institution for the sake of gaining advantages for themselves or in the interests of another authorized institution.

(4) Authorized institutions mentioned in the second paragraph shall inform the Board on the starting date of the audit program at least one month prior to actual commencement of auditing.

(5) A copy of each of the special-purpose independent audit reports to be issued pursuant to the second paragraph shall be submitted to the Board within 5 business days.

FIFTH CHAPTER

General Provisions on the Activity of Intermediation in Trading Transactions

Obligation for Best Execution of Customer Orders

ARTICLE 30 – (1) Investment firms, in the course of performing the activity of intermediation in trading transactions, are obliged to execute customer orders in such a manner that will give the best results for the customers within the framework of their order execution policies and by taking into consideration the preferences of customers with regard to price, cost, speed, clearing, settlement, custody, counterparty, etc.

(2) Where the customer gives a clear instruction for transmission of an order to a particular institution or market, the investment firm is considered to have fulfilled its obligation of best execution of customer orders.

(3) (Added: OG 14.01.2016 – 29593) If the price relating to orders transmitted by customers for leveraged transactions is intended to be revised by intermediary institutions before execution of order, it is accepted and treated as a price renewal. In cases where a price renewal is applied to the detriment of the customer, it must also be applied in each case it is in favor of customer.

(4) (Added: OG 14.01.2016 – 29593) In leveraged trading transactions, if any one of price, quantity or other elements of the order placed by the customer is intended to be changed by the intermediary institution to the detriment of the customer before execution of the order, prior consent of the customer must be obtained. However, in the case of changes in elements of orders placed by the customer producing results in favor of the customer, or if a price range is determined in orders placed by the customers, for changes within this price range, the order may be executed without seeking consent of the customer.

(5) (Added: OG 14.01.2016 – 29593) Except for requests made in accordance with applicable laws and regulations with regard to closing of the existing open positions in derivative instruments, investment firms have the right not to accept orders, provided that the framework agreement contains a clause in connection therewith.

Bid-Ask Spreads

ARTICLE 30/A – (Added: OG 14.01.2016 – 29593) (1) Bid-ask spreads to be offered to customers under dealing on own account activities are determined by investment firms.

(2) Bid-ask spreads declared by investment firms are required to be maintained consistently and in accordance with general market conditions.

(3) Bid-ask spreads offered by investment firms may be determined as fixed or variable. In relation to products for which a fixed difference guarantee was provided, probable events and conditions which may require mandatory changes as per current market conditions must be notified to the customer beforehand. This obligation shall be complied with in all kinds of publications, advertisements, and promotions.

Liability in the Activity of Intermediation in Trading Transactions

ARTICLE 31 – (1) If more than one investment firm is involved in the activity of intermediation in trading transactions, each of the investment firms carrying out transmission

of orders, or execution of orders or dealing on own account shall be held liable for transactions they execute according to general provisions of the legislation.

(2) Each investment firms' liability limit is determined in contracts signed among the investment firms, provided that they do not conflict with the principles for operating set forth by legislation, and that such details are mentioned in framework agreements signed with customers.

Public Disclosure of Prices in Off-the Securities Exchange Transactions

ARTICLE 32 – (1) (As amended: OG 14.01.2016 – 29593) Bid and ask offers placed by investment firms outside the stock exchange with regard to capital market instruments listed and traded in the stock exchange are required to be disclosed to public through one or more data broadcasting firms to be designated by the Association.

(2) (As amended: OG 14.01.2016 – 29593) With the exception of derivative instruments created directly with any customer upon demand and in line with needs of the customer, investment firms must publish any bid and ask price offers they place for capital market instruments not traded in the stock exchange, instantly on their own Internet web sites and disclose through one or more data broadcasting firms to be designated by the Association.

(3) In addition to the provisions of first and second paragraphs, principles related to public disclosure of prices of capital market instruments for transactions outside the securities exchanges may be determined by the Board.

(4) (Added: OG 14.01.2016 – 29593) Prices and trading price differences declared and disclosed by intermediary institutions with regard to leveraged transactions in periods determined by the Association will be reported to the Association within a period of time to be determined by the Association. The Association shall produce retrospective price series and trading price difference data for each intermediary institution and keep them for a period of one year. By using such data and information, the Association shall produce a price and difference series for each asset, and by using statistical methods deemed fit, shall detect deviations from this series in excess of a particular level separately for each institution, and shall disclose them to public on a weekly basis.

Notification Obligations of Authorized Investment Firms

ARTICLE 33– (1) Investment firms authorized by the Board for providing the activity of intermediation in trading transactions are obliged to make periodical notifications about their activities according to principles designated by the Board.

Collaterals

ARTICLE 34 – (1) Investment firms may request from investors to secure collateral related to investment services and activities received, margin trading of capital market instruments, borrowing and short selling of capital market instruments, and other ancillary services, without prejudice to the provisions of applicable legislation requiring delivery of collaterals.

(2) (As amended: OG 14.01.2016 – 29593) Cash and capital market instruments of investors held with investment firms for any reason or purpose whatsoever will be pursued and monitored separately from the investment firm's own property and on the basis of customers. Mentioned assets may not be used without prior written and explicit consent of investors by the investment

firms where they are deposited for non-intended purposes to the benefit of itself or of third parties.

(3) Principles on custody and safekeeping of collaterals are determined by the Board.

(4) (Added: OG 14.01.2016 – 29593) Without prejudice to the provisions of this Communiqué and other relevant regulation, assets that are acceptable as collateral hereunder are comprised of cash in Turkish Lira or in foreign currencies the daily exchange rates of which are published by the Central Bank of the Republic of Turkey, government debt instruments, and capital market instruments that may be subject to margin trading pursuant to the pertinent regulations of the Board, and fund participation units and private sector debt instruments, provided that they are traded in the stock exchange, and asset based securities, mortgage and asset guaranteed securities, lease certificates, and gold and other precious metals in standards determined by the Undersecretariat of Treasury, and other capital market instruments that may be deemed fit by the Board.

(5) (Added: OG 14.01.2016 – 29593) Investment firms are authorized to accept as collateral the full amount or a particular percentage of current value of assets and securities provided by customers as trading collateral.

(6) (Added: OG 14.01.2016 – 29593) Intermediary institutions must diversify collateral by taking into consideration the risk level of customers and the size of positions taken. Intermediary institutions are liable to determine concentration limits for the sake of diversity in establishment of collaterals. Concentration limits are determined in terms of both, issuers or guarantors of the financial instruments standing as collateral, and assets and instruments that may be accepted as collateral.

(7) (Added: OG 14.01.2016 – 29593) The customer may replace assets deposited as collateral by other assets, provided that the agreement contains a clause in connection therewith.

Transmission of Buy and Sell Orders Electronically

ARTICLE 35 – (1) Investment firms may accept orders electronically as part of their activity of intermediation in trading transactions. These transactions are subject to obligations related to signing framework agreements with customers, opening accounts in the name of customers and acquiring registry numbers from CRA.

(2) Investment firms that intend to accept orders electronically to transmit them to stock exchanges or other organized marketplaces or to over-the-counter markets or for direct execution within themselves are obliged to:

a) **(As amended: OG 14.01.2016 – 29593)** comply with the same rules of priority for orders received electronically as those applied in transmission of other orders accepted in writing or verbally, and to explain differences that may occur and prevent any unequal treatment between customers transmitting orders via electronic media and customers transmitting orders by other means or ways within under rules of priority on channel basis as included in the pertinent regulations of the Board;

b) fulfill obligations arising from regulations of the Board regarding documentation and record keeping related to orders received electronically;

c) publish electronically a copy of risk statement forms required according to investment services and activities provided;

ç) hire sufficient number of employees required for monitoring and transmission of and for record keeping of orders accepted electronically and for communicating with customers;

d) to make sure that their data processing infrastructure:

1) makes it possible to sort all orders according to chronological order of receipt;

2) (As amended: OG 14.01.2016 – 29593) instantly records on real-time basis all pricing information reflected onto the customers, so as to indicate date, timing, amount, price, leverage ratio and all other details, and account movements and timing information, of all transactions executed, also including rejected, non-executed, cancelled and modified orders;

3) enables them to instantly monitor on a real-time basis the collaterals, receivables and payables, open positions, profits and losses of customer accounts, and to make the required risk controls;

e) to periodically control capacity and security of data processing infrastructure, and to establish a system including installing servers used for storage of data at a place different from the transaction site for the sake of keeping the related data secure and to maintain the continuity of transactions when a systematic error happens, and to back up the data therein, and to take measures and actions in order to minimize the probable threats towards the platform and

f) to take required security measures to prevent the use of electronic trading platform by third parties without prior consent of the customer, and to conduct regular inspections and audits as to whether or not the electronic trading platform is used by third parties;

g) to take required data security measures to prevent both the eavesdropping and/or interruption of data communications between the electronic trading platform and customers by unauthorized persons and the alteration of data.

(3) Operating conditions for investment firms that intend to conduct the activity of intermediation in trading transactions only electronically shall be separately evaluated by the Board at the time of application.

(4) The Board may, when deemed necessary, request that data processing infrastructure of investment firms is audited by one or more independent audit firms in accordance with the principles to be determined by the Board.

Clearing of Transactions Executed in Over-the-counter Markets

ARTICLE 36 – (1) Capital market instruments that will be subject to central clearing, and procedures and principles of central clearing shall be determined by the Board upon proposal of relevant central clearing institution in accordance with the limits to be established, and in consideration for the principle of reducing the systemic risk.

(2) The Board may require investment firms to settle their transactions in over-the-counter markets through an institution authorized for acting as central counterparty.

SIXTH CHAPTER

Activity of Individual Portfolio Management

Activity of Individual Portfolio Management

ARTICLE 37 – (1) The activity of individual portfolio management is the management of a portfolio consisting of financial assets as a proxy, in the name and on behalf of each customer for obtaining direct or indirect benefits, excluding those of collective investment schemes.

(2) Individual portfolio management comprises of creating and managing portfolios in accordance with the financial situation, risk-return preferences and investment term of customers, and following up such portfolio, and informing the customer in accordance with the relevant regulations of the Board.

(3) (Added: OG 14.01.2016 – 29593) Provision of services described in third paragraph of Article 45 through all kinds of mechanisms in such manner to ensure an automatic trading in the customer's own portfolio is within the scope of individual portfolio management. Principles included in the fourth paragraph of Article 45 are applicable also for individual portfolio management activities.

Authorized Institutions Which May Conduct Individual Portfolio Management Activity

ARTICLE 38 – (1) Individual portfolio management activity may be conducted by intermediary institutions, investment and development banks and portfolio management companies, provided that an authorization from the Board is granted.

(2) Principles for establishment and operations of portfolio management companies shall be designated in accordance with the regulations of the Board regarding portfolio management activity and the companies to conduct that activity.

Special Conditions for Conducting the Activity of Individual Portfolio Management

ARTICLE 39 – (1) In order to be eligible for receiving an authorization to conduct individual portfolio management, in addition to compliance with the required conditions for commencing operations in the Board regulations regarding the principles on the establishment and operations of investment firms, the authorized institutions are required:

a) to have satisfied the condition of minimum shareholders' equity required for this activity in accordance with the Board regulations on capital and capital adequacy requirements for intermediary institutions;

b) to have employed an adequate number of portfolio managers, graduated from 4 year undergraduate degree programs, and having a minimum 5 years of experience in financial markets;

c) to have established a research unit so as to conduct the activity of individual portfolio management, and to have assigned a unit manager, and an adequate number of research specialists reporting to the unit manager.

(2) The provisions of subparagraph (a) of first paragraph hereof shall not apply to the applications of development and investment banks for individual portfolio management activity.

(3) Where the investment firm or portfolio management company wants to outsource its custody services, or a customer wishes to get custody services from a different authorized custodian, the related investment firm or portfolio management company is required to sign a contract pursuant to Article 62 hereof with the investment firm where the assets in managed portfolios will be kept in custody.

Suitability Test

ARTICLE 40 – (1) The authorized institution is required to conduct a "suitability test" before signing a framework agreement to provide a customer either individual portfolio management or investment advisory services. Suitability test is a test by which the authorized institutions check and assess whether the services to be provided to a customer as part of portfolio management or investment advice are suitable for the customer's investment objectives, financial situation, information and experience. Individual portfolio management or investment advice services shall be provided in accordance with the results of suitability test.

(2) For suitability tests to be done, the authorized institution receives written information from the customer about the following points, and develops standard forms accordingly:

a) investment term and risk and return preferences with respect to investment objectives of the customer;

b) information about income level and assets to be used for investment purposes of the customer to evaluate whether the customer's financial situation is sufficient to meet the risks of intended investment;

c) information about age, profession and education of customer, and whether they are a general or professional customer, and capital market instruments on which they traded in the past and types of capital market instruments subject to those transactions as well as, kinds, volumes and frequency of those transactions to evaluate if the customer has the required knowledge and experience to understand the risks concerning transactions to be executed in their portfolio or account.

(3) Assessments to be conducted by the authorized institution as to whether or not the customer's financial situation is sufficient to meet the risks of intended investment will be limited to the information provided by the customer about his income level and assets to be used for investment purposes.

(4) Except for those accepted upon request, the information mentioned in subparagraphs (b) and (c) of second paragraph is not required to be obtained from professional customers.

(5) As a result of examining the information provided by the customer in the course of the suitability test, individual portfolio management or investment advice services that are not appropriate for the customer's profile obtained from the suitability test, shall not be provided to that customer.

(6) If a customer fails to provide the authorized institution with requested information for suitability test or provides information that is clearly incomplete or outdated, individual portfolio management or investment advice services may not be provided to that customer. In such a case, the authorized institution is required to notify the customer in writing that the subject services may not be provided to him/her.

(7) The customer is responsible for the accuracy of all information provided for the suitability test. Authorized institution may periodically request from the customer to keep such information updated.

(8) If, during the provision of the services, the authorized institution learns or detects that the customer has provided incomplete, outdated or inaccurate information, the authorized institution shall terminate the service provided.

(9) Customers must be informed that such information is requested for the purpose of measuring whether the intended services and activities are appropriate for them. Authorized investment firms shall not suggest their customers to not provide such information.

(10) A copy of supporting information and documents received for conduct of suitability test, and of the warnings to be made pursuant to sixth paragraph hereof is required to be kept for the periods stipulated in regulations of the Board pertaining to documentation and record-keeping systems.

Principles on Conducting the Activity of Individual Portfolio Management

ARTICLE 41 – (1) Authorized institutions are obliged to protect the interests of their customers and to this end, to comply with the following principles, in the course of their portfolio management activities:

a) If the authorized institution derives any commissions, discounts or similar other benefits to itself from any issuer or investment firm regarding a trading transaction which is executed for the portfolio, it is obliged to disclose this fact to its customers before providing any services.

b) The authorized institution may not buy any assets not traded in stock exchanges or any assets in excess of their current market prices or may not sell assets from the portfolio at a price below such value without a prior written instruction of the customer for the managed portfolio.

c) The authorized institution may not dispose of the assets in the portfolio in its own favor or in favor of third parties. Nor can it transfer or assign the portfolio assets to a third party for purposes other than portfolio management, without a prior written instruction of the customer.

ç) The authorized institution is obliged to act with diligence and care when giving orders for customer accounts.

d) The authorized institution may not buy or sell the portfolio assets for the sake of its own interests in any way.

e) The authorized institution may invest its own cash in assets and instruments covered by portfolio management, provided that it acts as a prudent merchant and does not lead to any conflict of interests with the portfolios under its management.

f) Cases in which more than one portfolio are managed, authorized institution may not take actions in favor of one or more of portfolios and in detriment to other portfolios in contradiction with good faith rules.

g) The authorized institution is obliged to rely its investment decisions on reliable justification, information, documents and analyses and to comply with the investment principles stipulated in the framework agreement. Both such information and documents and the researches and reports relied upon in the trading decisions are required to be kept in the authorized institution for periods specified in regulations of the Board pertaining to documentation and record-keeping systems.

ğ) The authorized institution may not provide any verbal or written warranty that the portfolio managed will provide a certain predetermined yield, nor can it use phrases which may be interpreted as such in its advertisements and statements.

h) In case of a conflict between its own interests and the interests of portfolio, the authorized institution is obliged to act in favor of the portfolio.

ı) In line with the risk-return preferences of the customers, the authorized institution may determine, together with the customer, benchmarking criterion or threshold value according to Board regulations on performance presentations for individual and collective portfolios, performance based remunerations and ranking activities.

i) The authorized institution may not lead, or in any way assist third parties in leading, the customers to trade unnecessarily with the intention of deriving benefits in its own favor by affecting trading decisions of customers through taking advantage of customers' ignorance or lack of experience about the assets in the portfolio and about markets where such assets are traded.

j) The authorized institution may not use any names or expressions for portfolios in such a manner that may lead to an impression that the portfolio is related to another activity other than portfolio management, may not establish and/or manage a portfolio with funds that were previously collected by determining a certain management period, may not allow savers to participate in an existing portfolio and may not make advertisements containing such phrases.

k) The authorized institution may not use in its own interests or in the interests of third parties before disclosing to its customers the research results which are required to be announced to customers verbally or in written form and which may affect their investment decisions.

l) The authorized institution may not use in its own interests or in the interests of third parties any information acquired during portfolio management hereunder.

Individual Portfolio Management Framework Agreement

ARTICLE 42 – (1) The authorized institution is obliged to sign with its customers a written framework agreement containing the minimum information to be determined by the Board with regard to its activities and services.

(2) If the portfolio manager specified in the framework agreement quits from or is replaced by the authorized institution, this issue must immediately be notified by the authorized institution to its customers by the fastest means of communication. If the customer finds the new portfolio manager inacceptable, the framework agreement may unilaterally be terminated by the customer.

(3) The framework agreement is required to comprise clearly and explicitly of all the rights and obligations with regard to exercise of managerial and financial rights relating to the financial assets included in the portfolio.

(4) Portfolio management agreement must indicate the procedures and principles regarding the custody of customer portfolios.

(5) The framework agreement shall contain the principles related to the determination and creation of benchmarking criterion or threshold value, if any, and the principles for informing the customers as to whether the said criterion or value is achieved, and shall state the fact that the benchmarking criterion does not guarantee any yield in connection therewith.

Custody of Customer Assets

ARTICLE 43 – (1) Customer portfolios managed under individual portfolio management activity shall be kept in custody by investment firms pursuant to provisions of the ninth part hereof pertaining to custody services.

(2) The customer may request the custody and safekeeping of its financial assets in another investment firm authorized to provide general custody services.

(3) In such cases where obtaining prior confirmation from a customer is required in the agreement before making the transactions for the account of portfolio, the authorized custodian may provide such customer with an opportunity to freeze account(s).

Notification to Customers

ARTICLE 44 – (1) If and when open positions in customer portfolios remain unsecured or the value of portfolio falls below the amount calculated considering the benchmark criterion or threshold value, the authorized institution is obliged to duly inform the customer as of the date of calculation relating thereto.

SEVENTH CHAPTER

Investment Advice Activity

Investment Advice Activity

ARTICLE 45 – (1) Investment advice is the provision of influential investment comments and recommendations by an authorized investment firm, upon request of an investor or on an unsolicited basis, regarding one or more capital market instruments or the issuers of such instruments to either a particular person or a group of persons with similar financial situations and similar risk and return preferences.

(2) General investment advice and providing financial information are not covered by the preceding paragraph.

(3) (Added: OG 14.01.2016 – 29593) Provision of opportunities ensuring the emulation and/or copying of transactions relating to other real or virtual portfolios presented or guided directly by investment firms to customers through all kinds of electronic media is considered and treated as a part of the investment advice activity.

(4) (Added: OG 14.01.2016 – 29593) In cases where the investment firm provides customers with services mentioned in the third paragraph of this Article, the framework agreement signed with the customer shall describe and contain the following in detail:

a) features of the platform directly presented or guided by the investment firms;

b) investment purpose, strategy information (selection of assets to be traded, and investment strategy) and risk information for transactions relating to each portfolio to be emulated;

c) transaction volumes in certain periods of each portfolio to be emulated;

ç) profits and losses arising out of orders and transactions effected under each portfolio to be emulated;

d) how the performance indicators of each portfolio to be emulated will be displayed instantly and retrospectively;

e) that past performance of a portfolio may not be an indicator for its performance in the next period, for each portfolio to be emulated.

Authorized Institutions Which May Provide Investment Advice Activity

ARTICLE 46 – (1) Investment advice activity may be provided by intermediary institutions, investment and development banks and portfolio management companies provided that a prior authorization is received from the Board.

Special Conditions for Conducting Investment Advice Activity

ARTICLE 47 – (1) In order to be eligible for receiving authorization to provide investment advice activity, in addition to compliance with required general conditions for commencing operations in the regulations of the Board regarding principles on the establishment and operation of investment firms, investment firms are required:

a) to have satisfied the condition of minimum shareholders' equity specified for this activity in the regulations of the Board with respect to capital and capital adequacy requirements for intermediary institutions;

b) to have employed an adequate number of investment advisors, holding a bachelor's degree, and having a minimum 3 years of experience in financial markets;

c) to have established a research unit so as to conduct investment advice activity and to have assigned a unit manager, and an adequate number of research specialists reporting to the unit manager.

(2) The provisions of subparagraph (a) of first paragraph hereof shall not apply to the applications of development and investment banks for investment advice activity.

Principles on Conducting Investment Advice Activity

ARTICLE 48 – (1) Before an investment advice activity framework agreement is signed between the investment firm and the customer, the investment firm is required to conduct a suitability test as described in Article 40 hereinabove. The principles set forth in Article 40 are also valid for investment advice activity.

(2) In the course of conducting investment advice activity, the investment firms are required:

a) to give advices in such a manner that leads the investors to take the most appropriate investment decisions by considering the information acquired in the suitability test;

b) to not to use any misleading, deceptive, untrue, wrong or inaccurate expressions, or expressions that may result in exploitation of investors due to their lack of knowledge and experience or subjective and exaggerated phrases such as "most secure", "best" or "most reliable" in their comments and advices

c) to prepare investment comments and recommendations diligently and objectively;

ç) to support their investment comments and recommendations by reliable sources, data, documents, reports and analyses, and in cases where doubts about the certainty of such sources exist, to clearly state this fact;

d) for the sake of informing investors completely and accurately, in their comments and analyses regarding a public offering of any capital market instrument, to use the information included in prospectus and other sales-related documents if published, or otherwise, to state that prospectus and other sales-related documents containing detailed information about the said public offering would be published;

e) to not provide any promise or guarantee for providing a certain predetermined yield;

f) to include all kinds of forecasts, estimations and price targets by clearly stating that they are only forecasts, estimations or price targets, as the case may be, and to describe all material assumptions used in their formulation;

g) to not provide any false, wrong, misleading, or unsupported information, news or comments about finalized or ongoing issues within the field of activity of the Board;

ğ) to not use research results, which may affect the investment decisions of investors, in favor of themselves or in favor of any other third party before disclosing them to investors.

(3) Within the context of investment advice activity conducted by authorized institutions;

a) adequate summary information about principles and methodology of assessment and appraisal used in determination of target price for capital market instruments;

b) meanings of expressions such as "buy", "sell" or "hold", including the investment term included in the advice, and appropriate risk warnings about the investment, and sensitivity analyses on assumptions used in assessment and appraisal;

c) information on identity of the person(s) who prepared the investment comments and recommendations;

must be disclosed upon request to investors to whom comments and advice are provided.

(4) If the extent of the information referred to in subparagraphs (a) and (b) of the third paragraph hereinabove is considerably long relative to investment recommendations and comments, provided that no change occurs in the appraisal and methods, making a clear and easily noticeable reference to a direct and easily accessible site, such as a link to the internet website of the relevant institution shall be adequate.

Investment Advice Activity Framework Agreement

ARTICLE 49 – (1) Authorized institutions are obliged to provide the customer with an introductory form containing the following information before signing an investment advice activity framework agreement with customer:

a) Principles of investment advice activity set forth in this Communiqué;

b) Information sources, investment strategies and analysis methods employed in the formation of information and recommendations to be presented to investors as part of investment advice activity;

c) Principles regarding the form of presentation (written, verbal, daily, weekly, monthly, etc.) of information and recommendations to investors;

ç) Probable conflicts of interest.

(2) In cases where the investment advisor specified in the framework agreement signed with the customer quits from or is replaced by the authorized investment firm, this issue must immediately be notified by the authorized institution to the customer by the fastest means of communication. If the customer finds the new investment advisor inacceptable, the framework agreement may unilaterally be terminated by the customer.

Principles on the Disclosure of Relations or Conflicts of Interest

ARTICLE 50 – (1) Authorized institutions are responsible for disclosing to their customers all of their relations, and circumstances which may affect the objectivity of comments and recommendations, provided in the course of investment advice activity and particularly, their material financial interests regarding the capital market instrument covered by the comments and recommendations, or their material conflicts of interests with the issuer thereof.

(2) The obligation described in the first paragraph hereinabove is valid and applicable also for all real persons or legal entities that work with the authorized institution within the context of an employment contract or without any contract, and who are involved in drafting and preparation of advices.

(3) Mutual holdings by the authorized institution and the issuer referred to in the comments and advices, of 1 % or more of their respective paid capital or voting rights, any management privileges, or in case they are parties to any other material financial relation such as a credit agreement or a lease contract, the information relating thereto is required to be disclosed to the customer.

EIGHTH CHAPTER

The Activity of Intermediation for Public Offering

Definition of the Activity of Intermediation for Public Offering

ARTICLE 51 – (1) Intermediation for public offering refers to and covers the activities described below and listed in subparagraphs (e) and (f) of first paragraph of Article 37 of the Law:

a) Underwriting: Pursuant to subparagraph (e) of first paragraph of Article 37 of the Law, underwriting refers to a commitment provide to the seller:

1) that capital market instruments to be issued will be offered for sale through public offering, and that the unsold part will be purchased in its entirety in cash at the end of the period of sales (Standby);

2) that the capital market instruments to be issued will be fully purchased in cash before the sales process starts, and will then be offered to public (Full Commitment); or

3) that the capital market instruments to be issued will be offered for sale through public offering, and a portion of the unsold remaining instruments will be purchased in cash at the end of the period of sales (Partial Standby); or

4) that a portion of the capital market instruments to be issued will be purchased in cash before the sales process starts, and will then be offered to public (Partial Full Commitment).

b) Best effort: Pursuant to subparagraph (f) of first paragraph of Article 37 of the Law, best effort refers to the process in which capital market instruments to be issued are going to be sold through a public offering within the period of sales specified in the prospectus, and the unsold portion thereof is going to be returned to the seller, or sold to third parties who previously committed to purchase.

(2) The authorization for underwriting also covers an authorization for best effort. However, it is also possible to grant authorization only for best effort.

(3) With regard to public offering of capital market instruments, taking actions for determination of issue price, issue amount and public offering process together with issuers and/or public offerors, preparing other information and documents required to be submitted for approval of prospectus and filing an application to the Board, establishing a consortium, and collecting demands, organizing domestic and foreign events for sales of capital market instruments to be offered to public, organizing the sales and conducting similar other corporate financial activities, and performing other obligations set forth in the underwriting agreement are all included in the activity of intermediation for public offering. In the course of sales of capital market instruments without public offering, intermediation in private placement of these issues to a particular group of investors is also considered and treated as a part of the activity of intermediation for public offering.

Investment Firms That May Conduct the Activity of Intermediation for Public Offering

ARTICLE 52 – (1) The activity of underwriting and best effort may be carried out by intermediary institutions and development and investment banks provided that a prior authorization from the Board is granted.

Special Conditions for the Activity of Intermediation for Public Offering

ARTICLE 53 – (1) In order to be eligible for receiving authorization to provide underwriting or best effort, in addition to compliance with the required general conditions for commencing operations in the Board regulations regarding the principles on the establishment and operations of investment firms, intermediary institutions and development and investment banks are required:

a) to have obtained an authorization to provide limited custody services in accordance with subparagraph (a) of third paragraph of Article 59 or to have applied to the Board for obtaining such authorization;

b) to have satisfied the condition of minimum shareholders' equity required for the activities of underwriting or best effort, depending on the kind of services to be provided, in accordance with the related regulations of the Board on capital and capital adequacy requirements for intermediary institutions;

c) to have assigned a unit manager, so as to conduct the activities of intermediation for public offering, as well as an adequate number of corporate finance specialists reporting to the unit manager.

(2) The provisions of subparagraph (b) of first paragraph hereinabove are not applicable to development and investment banks.

Principles for Conducting the Activity of Intermediation for Public Offering Services

ARTICLE 54 – (1) Investment firms are required to comply with the following principles in the course of providing the activity of intermediation for public offering:

a) Investment firms shall carry out the activity of intermediation for public offering according to the principles set forth in prospectuses and other sales-related documents, advertisements, notices and agreements of intermediation for public offerings,

b) Investment firms are forbidden from engaging in market abuse practices during public offering processes,

c) Investment firms may not attempt to derive benefit for themselves or for third parties, except the fees charged for the activity of intermediation for public offering,

ç) With regard to public offering of capital market instruments, investment firms shall not engage in activities and transactions violating the obligations determined by the related legislation,

d) With regard to public offering of capital market instruments, investment firms shall show best effort to conduct detailed and careful analysis about the issuers and/or public offerors,

e) Investment firms shall pay maximum attention to ensure that the public offering price accurately reflects the real value of capital market instruments, shall comply with the valuation standards determined by the Board when preparing the price determination report and shall explain within the price determination report, inter alia, the reasons for selecting the methods employed in determination of public offering price, and the reasons for selecting the particular method or methods relied upon in determination of price,

f) Investment firms shall prevent the information, which is not disclosed to public during the public offering process, from being shared with persons outside the institution or with the institution's units other than the unit in charge of the intermediation for public offering inside the institution,

g) The amount of underwriting commitment by intermediary institutions in the course of intermediation for public offering does not exceed the limit determined by the Board regulations pertaining to capital adequacy.

(2) The Board shall separately take into consideration the existence of analyst reports required to be prepared by the authorized investment firms about public offering price in the context of the Board regulations pertaining to issue of shares during assessment of the existing situation of authorized investment firms.

The Agreement of Intermediation for Public Offering

ARTICLE 55 – (1) Public offering of capital market instruments is required to be based upon a written agreement of intermediation for public offering to be executed between the authorized investment firm and the issuer and/or public offeror of capital market instruments. Minimum contents of this agreement are determined by the Board.

Intermediation Consortium

ARTICLE 56 – (1) If it is intended to establish a consortium after signing an agreement of intermediation for public offering, receiving approvals of issuer and/or public offeror in connection therewith is required.

(2) If a consortium is established, the management of such consortium is assumed by one of the authorized investment firms as consortium leader. Consortium leader represents the consortium towards the Board, governmental authorities, third parties, and issuer and/or public offeror of capital market instruments.

(3) Co-leaders may be appointed at the time of the establishment of consortium within the context of the consortium agreement.

Consortium Agreement

ARTICLE 57 – (1) If a consortium is established, a written consortium agreement shall be signed between the authorized investment firms participating therein. Minimum contents of this agreement are determined by the Board.

(2) If the agreement of intermediation for public offering and the consortium agreement are intended to be concluded jointly in one document, provisions to be included in both agreements may be merged in a single agreement and this agreement shall be shared at least 2 business days in advance with other authorized investment firms participating the consortium, and shall be signed jointly by the issuer and/or public offeror of capital market instruments and the consortium leader and other authorized investment firms participating in the consortium .

Appropriateness of the Terms of Agreement

ARTICLE 58 – (1) At the stage of prospectus approval regarding the public offering of capital market instruments, the Board is authorized to review the agreements of intermediation for public offering and/or the consortium agreements, and if deemed necessary, to request amendments and additions as required pursuant to the capital markets legislation.

NINTH CHAPTER

Custody Services

Definition of Custody Service

ARTICLE 59 – (1) Pursuant to subparagraph (ğ) of first paragraph of Article 37 of the Law, safekeeping and administration of capital market instruments in the name of customer refer to:

a) the holding, safekeeping and monitoring by each beneficial owner, in the account of customer, of capital market instruments belonging to customer but entrusted or delivered in either book-entry form or physically due to investment services and activities or as a custodian or for management purposes or as a security or under any other name whatsoever, at central custodians and/or at the investment firms and/or if necessary due to different characteristics of capital market instruments, at another investment firm, and in any case, the holding of the right to access to customer accounts;

b) the provision of services such as collection and payment of principal, interest, dividends and other similar revenues relating to capital market instruments in the account of customer or in sub-accounts opened upon the instructions of the customer, and preemptive rights of shareholders on newly issued shares and gratis share entitlements and voting rights associated with shares, and the collateral management activities relating to capital market instruments, and the reflection of aforementioned transactions on customer accounts held at investment firms.

(2) Custody of assets managed as a part of individual portfolio management is also considered and treated as a custody service as defined in first paragraph hereof.

(3) Custody services are carried out as limited and general custody services:

a) Limited custody service is limited to the custody of the capital market instruments as the subject of intermediation service and within the received authorization of the investment firm with regard to execution of orders on behalf of clients and dealing on own account, and to the custody of the capital market instruments subject to intermediation for public offering with regard to underwriting and best effort.

b) General custody service is the type of custody service provided independently from the authorized and conducted investment services and activities.

(4) Holding cash of customers deriving from capital market activities is also subject to the principles pertaining to custody of capital market instruments.

Investment Firms That May Conduct Custody Services

ARTICLE 60 – (1) Limited custody service may be offered by investment firms authorized to carry out any one of the services and activities listed in subparagraphs (b), (c), (ç), (e) and (f) of first paragraph of Article 37 of the Law, with a prior authorization by the Board.

(2) General custody service may be offered by banks and by intermediary institutions authorized to carry out one of the services and activities listed in subparagraphs (b), (c), (ç), (e) and (f) of first paragraph of Article 37 of the Law, with a prior authorization by the Board.

(3) A bank may not provide general custody services to a customer regarding capital market instruments that are subject to transmission of orders to that customer, except those covered by subparagraph (a) of second paragraph of Article 11 hereof.

(4) Investment firms authorized to provide general custody services may provide portfolio custody services only if and after they file an application to the Board in accordance with the Board regulations regarding the portfolio custody services and institutions eligible for providing this service.

Special Conditions on Custody Services

ARTICLE 61 – (1) In order to be eligible for receiving an authorization for limited or general custody services, in addition to compliance with the required general conditions for commencing operations in the Board regulations regarding the principles on establishment and operation of investment firms, the investment firms are required:

a) to have satisfied the condition of minimum shareholders' equity required for limited or general custody services, depending on the kind of services to be provided, in accordance with the Board regulations on capital and capital adequacy requirements for intermediary institutions;

b) if they will provide general custody services, to have established a unit or units responsible solely and exclusively for custody services and have employed an adequate number of specialized personnel;

c) to have established and made operational the data processing systems and technological infrastructure required to perform custody services, and have completed the required arrangements in connection therewith, and have protected the data processing infrastructure from malicious software, and have taken all measures and actions for prevention of probable fraud and misconduct within the authorized investment firm;

ç) to have taken all measures and actions for prevention of probable fraud and misconduct within themselves that may arise from their systems or the acts of personnel;

d) to have built the work flow procedures and organizational structure for the prevention of sharing customer information with persons outside the corporation or between different units inside the corporation, in the course of performing custody services against customer interests.

(2) The provisions of subparagraph (a) of first paragraph hereof shall not apply to the applications of banks for providing custody services.

Custody Agreement

ARTICLE 62 – (1) Investment firms authorized to perform custody services are required to enter into a written agreement with their customers, before starting to provide such services to customers. Minimum contents of this agreement shall be determined by the Board.

(2) In the course of providing custody services to customers residing abroad, the obligation set forth in the preceding first paragraph is considered as fulfilled if an agreement outlining the principles of services to be provided is signed between the institution offering custody services abroad to these customers and the local investment firm authorized to provide custody services.

(3) In cases where custody services are provided for individual portfolios managed by another authorized investment firm, the obligation set forth in the preceding first paragraph is considered as fulfilled if an agreement outlining the principles of services to be provided is signed between the portfolio manager and the authorized investment firm providing custody services.

Principles on Monitoring Customer Accounts

ARTICLE 63 – The investment firm authorized to provide custody services is required to keep, and submit to the Board, upon demand, full, accurate and current records containing information about amount, location and ownership of capital market instruments and cash in the customer accounts related to custody services.

(2) All records kept by the investment firm authorized to provide custody services with regard to the customer accounts related to custody services, are required to be organized and kept so as to allow for the separation of a customer's capital market instruments and cash from other customer accounts or from investment firm's own assets at any time, and shall completely and accurately reflect beneficiaries of accounts, rights of beneficiaries and obligations of the investment firm, authorized to perform custody services, to each customer.

(3) In the course of providing custody services to customers residing abroad, the records kept within the investment firm authorized to perform custody services are required to be monitored on the basis of beneficiaries, excluding cash.

(4) The Board may, if deemed necessary, request an audit by an independent audit firm with regard to both the existence of customer assets kept in custody by investment firms and the compliance of authorized investment firms' custody service with related Board regulations.

Confidentiality of Customer Accounts

ARTICLE 64 – (1) Confidentiality of customer account information covered by custody services of investment firms is essential. However, disclosure of information to legally authorized persons or entities within the knowledge of the customer is not deemed and treated as breach of confidentiality.

Reconciliation on Customer Assets in Custody

ARTICLE 65 – (1) The investment firm authorized to perform custody services is obliged to make daily reconciliations between its own accounts and records and the accounts and records of central securities depositories and/or another institution authorized to perform custody services on customer basis with respect to customer-owned capital market instruments and collectively or on customer basis with respect to cash. In the event that the managed individual portfolios are kept in custody in another investment firm, this provision is also applicable to the relation between the portfolio manager and the investment firm offering custody services.

(2) If any discrepancies are found during the reconciliation process, the investment firm authorized to perform custody services is obliged to take the appropriate measures and actions required to dissolve such discrepancies immediately.

(3) If there is reasonable evidence that a third party may be held liable and responsible for aforementioned discrepancies, the investment firm authorized to perform custody services is not obliged to close the gap, but is liable to take the required steps for the conflict resolution with such third party.

(4) If a discrepancy found during reconciliation process cannot be dissolved within 3 business days in spite of all actions taken, the highest level personnel employed by the investment firm authorized to perform custody services as an inspector or internal auditor is required to send a

written notice to the intermediary institution's board of directors, the bank's internal audit committee and the Board immediately.

(5) If a discrepancy may lead to material effects on financial situation of the investment firm, it is required to notify the investment firm's board of directors and the Board immediately upon the realization of the discrepancy and without waiting for completion of the 3 business days period mentioned in the preceding paragraph of this Article.

(6) The Board is authorized to determine the scope of reconciliations and the principles for notification of such discrepancies under this Article.

Principles on Use of Cash Credit Balances in Customer Accounts

ARTICLE 66 – (1) Based on the authorization granted by the customer in the framework agreement, investment firms may invest collectively or on a customer basis, in line with their authorized activities, operating policies and customer preferences, the cash credit balances as of the end of day, that are not subject to any customer order during the day, provided that they monitor and record them in their accounting system on an account basis.

(2) If said cash is invested collectively, the proceeds of such investment are required to be distributed to related customer accounts proportionately.

(3) Provided that it is clearly permitted in the framework agreement, investment firms may determine a minimum threshold for the use of cash credit balances in customer accounts. Any changes to this threshold shall also be notified to customers in writing or by the fastest means of communication with the burden of proof on the investment firm. Principles on use of cash below the minimum threshold shall be separately mentioned in the agreement.

(4) Provided that the cash credit balances is paid to customers on demand and within a maximum of one business day following demand, and that the principal sum is not lost, the cash credit balances in customer accounts may be invested in line with pertinent provisions of the framework agreement with respect to customer-owned cash below the minimum threshold with the return kept by the intermediary institution. The cash credit balances in customer accounts whose customers do not claim a return may only be invested with the written consent received individually from customers, separately from the framework agreement.

(5) Customer-owned cash kept in banks is required to be monitored in an account opened for intermediary institution's customers separately from the intermediary institution's own assets. The account opened in the name of customers shall be clearly identified so as to indicate that they are owned by the relevant intermediary institution's customers, and shall not be used for unintended purposes. Accounts in which the customers' cash are kept in custody shall neither be used as collateral for loans, nor shall they be subject to freezing, pledges or any other encumbrances in favor of the intermediary institution.

(6) While ordering the bank to open a customer account, the intermediary institution shall inform the bank in writing that the money in the account belongs to the intermediary institution's customers and must by no means be commingled or combined with the investment firm's own account. The investment firm shall get a confirmation on the mentioned issue from the related bank. Name of the account to be opened should be chosen in such manner that makes it adequately separable from the investment firm's other accounts held at the bank. If the bank

fails to give its written confirmation within 15 business days, the investment firm is obliged to transfer the money to another bank.

Special Provisions on Custody for the Transactions Executed in Foreign Markets

ARTICLE 67 – (1) Capital market instruments traded as an intermediary or covered by custody services in foreign markets may be kept in custody at an institution operating abroad, only if and to the extent that the competent authority of the relevant country has regulations in force regarding custody services and the institution from which custody services are provided is subject to those regulations. However, if the capital market instrument in question cannot be kept in custody at an institution authorized by the competent authority of the relevant country due to its kind or nature, then custody services may be provided from another institution with the prior written consent of the customer.

(2) If the capital market instruments traded as an intermediary in foreign markets are kept in custody at an institution operating abroad, the agreement to be signed between the trading investment firm and the customer shall contain detailed information introducing the authorized custodian and on the rights and obligations of the trading investment firm and the authorized custodian. In cases where the authorized custodian operating abroad is to be replaced, immediate notification to customers by the fastest means of communication, and updating the framework agreement are required.

Reconciliation between Customer and Custodian

ARTICLE 68 – (1) A reconciliation shall be made between customers receiving custody services and the internal control unit or personnel of the authorized custodian, about the customer's capital market instruments and cash in writing or via electronic media at least once every calendar year. The results of such reconciliation processes shall be reported in writing within 3 business days by the highest level personnel responsible for internal control to the intermediary institution's board of directors, the bank's internal audit committee and in the case of a dispute, to the Board.

(2) It is not required to make the reconciliation mentioned in the preceding first paragraph for cases where a written consent has been received from professional customers.

(3) The Board is authorized to determine the scope of reconciliations and the principles of notifying such discrepancies, under this Article.

Notification on Customer Assets

ARTICLE 69 – (1) The investment firm authorized to provide custody services is essentially obliged to send at least monthly notifications to customers with respect to the customers' capital market instruments and cash according to the principles set forth in the Board regulations regarding documentation and record-keeping systems. However, it is also possible to make a contract with professional customers for not delivering such notices, or to stipulating so in the framework agreement. The notification must contain information, regarding the capital market instruments and cash that belongs to customers, at least on the balances in custody in chronological order and by capital market instruments.

(2) A separate notice may not be sent to the customer, if a notification is sent to the customer related to other investment activities and services that already contains the information mentioned in the first paragraph.

(3) Failure of the customer to object to the content of such notices sent pursuant to this Article does not mean the receipt of confirmation.

Special Provisions on the Custody of Individual Portfolios

ARTICLE 70 – (1) Without prejudice to the regulations of the Board on portfolio management companies and their activities, for cases where investment firms authorized to perform general custody services provide custody services for individual portfolios managed by portfolio management companies or other investment firms:

a) financial assets are required to be kept in a separate custody account opened in the name of each customer;

b) documents, proving the existence and customer ownership of assets which cannot be kept physically or in book-entry form are required to be delivered to the custodian for record-keeping in the relevant accounts.

(2) The following principles shall be complied with regard to the first paragraph:

a) The general rule is to open accounts in the name of customers. However, while performing clearing instructions, the custodian may also execute a collective clearing by using a pool account for transfers of cash and securities by customers. Cases in which pooling is used for clearing, the customer owned assets shall be distributed to customer accounts and be monitored on a customer basis, and the associated rights must be followed individually, and the idle cash or asset transfers of the custodian from the pooled account shall be made to accounts opened in the name of customers according to the provisions of the agreement signed between these customers and the institution authorized to manage individual portfolios.

b) If the custody account is opened as a proxy by the institution authorized to manage individual portfolios, the custodian, after the account is opened, shall inform the customer, of such account information and of changes made related to those accounts.

c) The investment firm authorized to manage individual portfolios shall not open accounts at any institution in the name of customers without duly informing the custodian.

ç) In transactions to be executed for the portfolio account, the investment firm authorized to perform custody services may provide customers with the opportunity to freeze their accounts relating to portfolio account transactions that require prior confirmation of customer according to the provisions of the agreement.

d) The custodian is obliged to inform the customers at least once a month according to the regulations of the Board related to documentation and record-keeping systems, and separately to allow the instant access of its customers to their account information through its internet website.

e) The custodian is further obliged to inform customers as soon as possible about events which may affect the rights of customers on financial assets in their portfolios and about significant asset and cash movements executed in their accounts.

f) In transactions executed for customers, cash and asset movements are directed according to the "delivery versus payment" principle. The "delivery versus payment" principle refers to the delivery of cash concurrently with the receipt of assets, or as the case may be, the delivery of assets concurrently with the collection of cash, by the parties. Except for transactions under portfolio management, the customers' written instructions are required for depositing or for withdrawal of financial assets to/from the custody account.

(3) The principles set forth in this Article are applied by analogy during and with respect to limited custody services provided by authorized investment firms to portfolios under their management.

TENTH CHAPTER

Provision of Ancillary Services

Provision of Consultancy Services Relating to Capital Markets

ARTICLE 71 – (1) Investment firms may deal with the following activities pursuant to subparagraph (a) of first paragraph of Article 38 of the Law:

a) Making investment plans by taking into consideration long- and short-term financial goals, risk preferences, cash requirements and status of companies against the tax legislation;

b) Providing written or verbal comments and advices on issues such as analysis of financial statements of companies within the framework of assets and liabilities management, decomposition of income sources, determination of financing options, identification and mitigation of risks, or enhancement in financial profiles via increasing revenues;

c) Providing written or verbal comments and advices during restructuring of companies by mergers, split-ups, acquisitions and formation of business partnerships and by similar other changes in capital or shareholding structures, and throughout the liquidation process;

ç) Other consultancy services similar to those mentioned in subparagraphs (a), (b) and (c) hereinabove with respect to capital markets.

(2) Intermediary institutions that are going to provide the services under this Article are required to have partial or broad authorization.

Lending or Credit Facilities and Provision of Foreign Exchange Services

ARTICLE 72 – (1) Principles on margin trading, short selling, lending and borrowing transactions of capital market instruments are separately determined by the Board.

(2) With regard to the provisions in subparagraph (b) of first paragraph of Article 38 of the Law, investment firms may offer foreign exchange services that are solely related to investment services and activities. If pertinent laws require separate authorization, such authorization must be received initially. Intermediary institutions that intend to provide such services are required to have authorization for the activity of order execution or the activity of dealing on own account.

Provision of General Investment Advice

ARTICLE 73 – (1) Pursuant to the provisions in subparagraph (c) of first paragraph of Article 38 of the Law, provided that it is not addressed specifically to a particular person or to a group of persons with similar financial situations, risk and return preferences, general investment advice is an activity of providing all kinds of leading researches, studies or other information which are explicitly or implicitly suggesting or recommending a certain investment strategy, and also including comments about existing or future prices or values of capital market instruments, and which are prepared for one or more capital market instruments or issuers and are intended for the use of customers or distribution channels.

(2) Disclosure of the information one-to-one to each customer, prepared in the context of the activity of general investment advice and provided to customers or distribution channels, is also considered as the activity of general investment advice provided that it is not intended specifically for the use of a particular person or to a group of persons with similar financial situations, risk and return preferences.

(3) All kinds of general investment advices, including those shown in media or transmitted electronically or those presented by investment firms and portfolio management companies by media service providers operating under the Law on Establishment and Broadcasting Principles of Radio and Television Channels, no. 6112, dated 15.02.2011, and by periodical publishers operating under the Press Law no. 5187 dated 09.6.2004, are required to be presented and provided in accordance with the principles set down in Articles 78 and 79.

(4) General investment advice by institutions authorized in the press and media are also required to comply with principles stipulated in the Law no. 6112.

Provision of Services Related to Performing Underwriting

ARTICLE 74 – (1) Pursuant to provisions in subparagraph (ç) of first paragraph in Article 38 of the Law, investment firms may perform activities such as conducting financial and economic analyses and market research about issuers of capital market instruments to be offered to public, ensuring the compliance of financial statements of relevant companies with capital markets legislation, making required amendments to articles of association according to pertinent legislation, and conducting studies for determining information and documents to be disclosed to public.

(2) Intermediary institutions that are going to provide services under this Article are required to have partial or broad authorization.

Provision of Intermediation Services in Financing

ARTICLE 75 – (1) Pursuant to the provisions in subparagraph (d) of first paragraph in Article 38 of the Law, investment firms may perform activities for meeting the financial needs of companies from local and foreign markets, determining alternative financial strategies, providing written or verbal comments and advice on protection of companies against financial risks and bringing together the parties in need of finance with the parties providing it.

(2) Intermediary institutions that are going to provide the services under this Article are required to have partial or broad authorization.

Performing Wealth Management and Financial Planning

ARTICLE 76 – (1) Pursuant to the provisions in subparagraph (e) of first paragraph in Article 38 of the Law, investment firms may perform activities such as providing consultancy services on financial, legal, tax-related and similar other issues to persons, families or groups of persons with joint investment targets, and making plans for wealth management comprising financial and non-financial assets for those people, and managing their wealth in accordance with investment targets and preferences.

(2) If investment advice or portfolio management activities are needed in the course of provision of services under this Article, these activities are required to be offered and provided by investment firms authorized by the Board, according to principles set forth in this Communiqué.

(3) Intermediary institutions that are going to provide services under this Article are required to have partial or broad authorization.

Other Services and Activities

ARTICLE 77 – (1) Pursuant to the provisions in subparagraph (f) of first paragraph in Article 38 of the Law, intermediary institutions may also provide other financial products and services with the permission by the Board. If the provision of such financial products and services is conditioned to special permission or authorization as per the special legislation pertaining thereto, then intermediary institutions are obliged to receive the required permission or authorization before starting to provide the concerned services or products under this Article.

ELEVENTH CHAPTER

Principles on General Investment Advice

Principles to Comply Within General Investment Advice

ARTICLE 78 – (1) Comments and advice provided by institutions offering general investment advice are subject to the principles set forth in subparagraphs (b), (c), (ç), (d), (e), (f), (g) and (ğ) of the second paragraph as well as third and fourth paragraphs of Article 48.

(2) General investment advice must further contain:

a) Summary information relating to policies on the frequency of renewal of advice and updating, if any, and material changes in any previously announced policies regarding the frequency of renewal or updates of advice;

b) The initial first date of preparation of advice for distribution and the dates and times of all prices included in the advice in a clear and easily noticeable manner;

c) where the advice contains an investment strategy different from the advice published by the same institution for the same capital market instrument or issuer during the past 12 month period, information regarding such differences and the date of previously published advice in a clear and easily noticeable manner.

(3) If and to the extent the information about general investment advice as disclosed to public under this Article is materially long as regards to standard general investment advice, provided

that no change occurs in the assessments and methods, it is adequate to provide a clear and easily noticeable reference to a site directly and easily accessible by the public, such as the internet website of the relevant investment firm or the institution authorized in press and media.

(4) Principles related to the disclosure of financial relations or conflicts of interests, as outlined in Article 50, shall be complied with during the provision of general investment advices.

Principles on Publishing a Disclaimer

ARTICLE 79 – (1) The disclaimer provided in Annex-3 hereof shall also be presented as part of general investment advice in accordance with the following principles:

a) In comments and advice published through distribution channels, the disclaimer shall be provide noticeably at the end of the page in the same theme font and font size as the comments and advice.

b) In comments and advice presented through communication networks created by computers included in the definition of distribution channels, the disclaimer shall be noticeably displayed in the same theme font and font size with the comments and advice, before the page containing such comments and advice is displayed.

c) In comments and advice presented through all kinds of audiovisual mass communication means, such as television and radio, included in the definition of distribution channels, the disclaimer should be read once at the beginning and end of program on radio, and the text of disclaimer should be displayed on TV screen, for 15 seconds at the beginning and end of television program, in a way to cover the whole screen so as to make it easy to read, and furthermore, the text of disclaimer should be presented twice during the TV program in the form of a ticker in a way not to make it difficult to read.

(2) The disclaimer provided in Annex-4 is required to be made to each customer during one-to-one presentations of general investment advice to the customers.

Provision of Financial Information

ARTICLE 80 – (1) For the purposes of this Communiqué, the term "financial information" means non-leading written or verbal information about capital market instruments, their issuers and market trends.

(2) Provision of financial information is considered and treated neither as an investment advice activity or provision of general investment advice. However, information provided as above must be neutral and honest, and must not have the purpose of meeting only the needs and demands of a particular person, a group or a portfolio.

TWELFTH CHAPTER

Transitory and Final Provisions

Repealed Communiqués

ARTICLE 81 – (1) The Communiqué on Principles for Intermediation Activities and Intermediary Institutions (Serial V, No. 46) published in the Official Gazette no. 24163 dated 7/9/2000, and the Communiqué on Principles for Investment Advice Activity and Providers of

This Activity (Serial V, No. 55) published in the Official Gazette no. 24734 dated 22.04.2002, and the Communiqué on Principles for Leveraged Trading Transactions and Institutions That May Execute These Transactions (Serial V, No. 125) published in the Official Gazette no. 28038 dated 27.08.2011, are hereby repealed. All references made to these repealed communiqués are deemed to be made to this Communiqué.

Finalization of Applications

TRANSITIONAL ARTICLE 1 – (1) Applications to be filed to the Board until the effective date of this Communiqué will be completed and finalized according to existing regulations.

(2) Applications filed by investment firms to the Board that have not been finalized as of the effective date of this Communiqué shall be completed and finalized according to the provisions of this Communiqué.

Transitional Provisions on Existing Operation Permits

TRANSITIONAL ARTICLE 2 – (1) Investment firms are required to file an application to the Board within a year following the effective date of this Communiqué by submitting the substantiating documents proving that all special conditions including the minimum requirement for shareholders' equity, envisaged by this Communiqué are met with respect to the investment services and activities and ancillary services they intend to offer. The existing authorization certificates and operation permits of investment firms that fail to apply to the Board within mentioned period shall be cancelled.

(2) Investment firms will continue to conduct their activities within the context of the existing principles of activity until becoming authorized pursuant to this Communiqué.

Application of Leverage Ratio

TRANSITIONAL ARTICLE 3 – (Added: OG 14.01.2016 – 29593) (Repealed: OG 10.02.2017 – 29975)

Application of Demo Account

TRANSITIONAL ARTICLE 4 – (Added: OG 14.01.2016 – 29593) (1) The operating principles of the demo account referred to in first paragraph of Article 27/C shall be determined and implemented by the intermediary institutions within 3 months following the effective date of this Article**.**

Declaration of Trading Prices of Investment Firms

TRANSITIONAL ARTICLE 5 – (Added: OG 14.01.2016 – 29593) (1) The obligations referred to in fourth paragraph of Article 32 shall be completed within 6 months following the effective date of this Article**.**

Implementation of Leverage Ratios

TRANSITIONAL ARTICLE 6 - (Added: OG 10.02.2017 – 29975)

(1) Leverage ratios specified in the first and third paragraphs of Article 27 and provisions of Communiqué Amending Communiqué III-37.1 on Investment Services and Activities and Ancillary Services (III-37.a), published in the Official Gazette dated 14.01.2016, No. 29593

with respect to the initial collateral amount, shall continue to be implemented for positions opened prior to the publication of this Article.

(2) The leverage ratio implemented for open positions at intermediary institutions as of the effective date of this Article, shall be made compliant with the leverage ratio under the first paragraph of Article 27 at latest within 45 days. Positions that fail to comply within the mentioned period shall be closed by intermediary institutions.

Updates of Collateral at Takasbank

TRANSITIONAL ARTICLE 7 - (Added: OG 10.02.2017 – 29975) (1) Under provisions of the seventh and eighth paragraphs of Article 27/A, reporting shall be made on 02.01.2018, and transfers to the leveraged transactions collateral reserves account, completion of incomplete amounts and withdrawal of amounts in excess shall be completed the following day. If operational transactions cannot be completed, this period may be extended until 08.01.2018, provided that Takasbank makes a notification of the issue to its members.

Entry into Force

ARTICLE 82 – (1) This Communiqué shall become effective as of 01.07.2014.

Execution

ARTICLE 83 – (1) The provisions of this Communiqué shall be enforced by the Board.

ANNEX-1

(As amended: OG 14.01.2016 – 29593)

Table indicating the institutions entitled to perform the activity of execution of orders by capital market instrument type

Institution / Capital Market Instruments	**Securities**		**Derivative Instruments**	
	Shares	**Others**	**Derivative Instruments Other Than Leveraged Transactions (For transmission to stock exchange or for dealing on own accounty)**	**Leveraged Transactions**
Intermediary Institution	+	+	+	+
Deposit and Participation Bank	-	+	+ (except for those based on stock indices or stocks)	-
Development and Investment Bank	+	+	+	-

ANNEX-2

(As amended: OG 14.01.2016 – 29593)

Table indicating the institutions entitled to perform the activity of dealing on own account by capital market instrument type

Institution / Capital Market Instruments	**Securities**		**Derivative Instruments**	
	Shares	**Others**	**Derivative Instruments Other Than Leveraged Transactions (For execution in over-the-counter market)**	**Leveraged Transactions**
Intermediary Institution	+	+	+	+
Deposit and Participation Bank	-	+	+ (except for those based on stocks, and including those based on stock indices)	-
Development and Investment Bank	+	+	+	-

ANNEX-3

Disclaimer Published Pursuant to the "Communiqué on Principles Regarding Investment Services, Activities and Ancillary Services" by the Capital Markets Board

"The investment information, comments and advices given herein are not part of investment advice activity. Investment advice services are provided by authorized institutions to persons and entities privately by considering their risk and return preferences. Whereas the comments and advices included herein are of general nature. Therefore, they may not fit to your financial situation and risk and return preferences. For this reason, making an investment decision only by relying on the information given herein may not give rise to results that fit your expectations."

ANNEX-4

Disclaimer Made Pursuant to the "Communiqué on Principles Regarding Investment Services, Activities and Ancillary Services" by the Capital Markets Board

"The investment information, comments and advices presented by me to you are not a part of investment advice activity. The advices included herein are of general nature, and have not been prepared specifically in accordance with your financial situation and risk and return preferences. For this reason, taking an investment decision only by relying on the information given herein may not give rise to results that fit your expectations."