

Document	Type	Announcement
	No	2019/71
	Subject	Launch of New SSF Contracts and Changes in Borsa İstanbul A.Ş. Derivatives Market Procedure
	Date of Approval	11/11/2019
	From	Derivatives Market
	To	Members, Data Vendors and Independent Software Vendors (ISVs)

To Whom It May Concern,

Ref: a) Announcement dated 10/23/2019 and numbered 2019/67.

b) Announcement dated 09/06/2019 and numbered 2019/59.

As emphasized in the referenced announcement (a), in regard to new market structure of Equity Market, new single stock futures contracts, based on equities in BIST Stars Group 1 will be opened for trading in Derivatives Market. It is also announced that aforementioned futures contracts will be available in the BISTECH member test environment and the go-live date of the new contracts is planned to be as 15/11/2019 subject to successful member tests.

The testing period for new contracts has been completed successfully. New single stock futures contracts (CCOLA, ENKAI, FROTO, MGROS, SASA, TRKCM, TSKB and ULKER) will be available for trading with the same contract specifications of existing single stock futures contracts as of 15/11/2019.

Additionally, Borsa İstanbul A.Ş. Derivatives Market Procedure will be updated with the changes to the market making program as stated in the referenced announcement (b) and the related changes will be valid as of 01/12/2019.

Above stated amendments related to new single stock futures contracts and market making program have been made in Borsa İstanbul A.Ş. Derivatives Market Procedure as in the attachment and updated Borsa İstanbul A.Ş. Derivatives Market Procedure can be reached from Borsa İstanbul website under “Products and Markets” tab, “Regulations” section, “Procedures” heading (<https://www.borsaistanbul.com/en/products-and-markets/regulations/procedures>).

Kindly for your information.

Regards,

Ali ÖMÜRBEK  
Executive Vice President

**Attachment:** Revision Comparison Table of Derivatives Market Procedure (6 pages).

**ATTACHMENT: REVISION COMPARISON TABLE OF DERIVATIVES MARKET PROCEDURE**

OLD TEXT	REVISION
<p><b>13. Partitioning</b></p> <p>The System consists of two partitions in order to optimize the order processing and speed capacity and all the contracts are distributed into these two partitions.</p> <p>Group-1: Single stock futures and option contracts written on AKBNK-ARCLK-ASELS-BIMAS-DOHOL-EKGYO-ENJSA-EREGL-GARAN-HALKB-ISCTR</p> <p>Group-2: All futures and option contracts that are not included in Group-1</p> <p>The order for a contract must be sent through the protocol that is connected to the partition that includes the corresponding contract. For this reason, Market members must be connected to both partitions.</p>	<p><b>13. Partitioning</b></p> <p>The System consists of two partitions in order to optimize the order processing and speed capacity and all the contracts are distributed into these two partitions.</p> <p>Group-1: Single stock futures and option contracts written on AKBNK-ARCLK-ASELS-BIMAS-<b>CCOLA-DOHOL-EKGYO-ENJSA-ENKAI-EREGL-FROTO-</b>GARAN-HALKB-ISCTR</p> <p>Group-2: All futures and option contracts that are not included in Group-1</p> <p>The order for a contract must be sent through the protocol that is connected to the partition that includes the corresponding contract. For this reason, Market members must be connected to both partitions.</p>
<p><b>SECTION SIX</b></p> <p><b>PRINCIPLES ON SPECIAL APPLICATIONS</b></p> <p><b>40. Market maker application conditions and documents to be issued to the Exchange</b></p> <p>Applicants for market making must meet the following minimum requirements:</p> <p>a) To have the financial criteria specified in this Implementing Procedure and Principles,</p> <p>b) Signing Market Making Commitment Letter which is attached to the <a href="#">Appendix-8</a> and covering the general obligation of the market makers.</p> <p>Market makers that meet minimum requirements must submit the following documents to the Exchange along with the application.</p>	<p><b>SECTION SIX</b></p> <p><b>PRINCIPLES ON SPECIAL APPLICATIONS</b></p> <p><b>40. Market maker application conditions and documents to be issued to the Exchange</b></p> <p>Applicants for market making must meet the following minimum requirements:</p> <p>a) To have the financial criteria specified in this Implementing Procedure and Principles,</p> <p>b) Signing Market Making Commitment Letter which is attached to the <a href="#">Appendix-8</a> and covering the general obligation of the market makers.</p> <p>Market makers that meet minimum requirements must submit the following documents to the Exchange along with the application.</p>

<p>a) "Market Maker Application Form" (<a href="#">Appendix-9</a>) with the official letter indicating the wish to be a market maker addressed to the Exchange, b) "Market Making Commitment Letter"</p> <p>Market Makers, demanding Market Maker OUCH user for their market making activities, will submit the (<a href="#">Appendix-14</a> and <a href="#">Appendix-15</a>) "Algorithmic Order Transmission Systems Information Form" and "Borsa İstanbul A.Ş. Algorithmic Order Transmission Systems Commitment Letter" documents to Borsa İstanbul in addition to the above mentioned ones.</p>	<p>a) "Market Maker Application Form" (<a href="#">Appendix-9</a>) with the official letter indicating the wish to be a market maker addressed to the Exchange, b) "Market Making Commitment Letter"</p> <p>Market Makers, demanding Market Maker OUCH user for their market making activities, will submit the (<a href="#">Appendix-14</a> and <a href="#">Appendix-15</a>) "Algorithmic Order Transmission Systems Information Form" and "Borsa İstanbul A.Ş. Algorithmic Order Transmission Systems Commitment Letter" documents to Borsa İstanbul in addition to the above mentioned ones.</p> <p><b><u>The application for market making must be submitted to the Exchange at least 10 business days before the first business day of the month in which the market maker activities will be started.</u></b></p>
<p><b>41.5. Market maker performance assessment</b></p> <p>...</p> <p>For the market makers that fulfill the market presence requirement, traded value ratio and market presence ratio coefficients, in calculating the exchange commission on market maker basis, are given in Appendix 11. At this calculation, trade values of trade reports are <b>not</b> added to market makers' trade values.</p> <p>...</p>	<p><b>41.5. Market maker performance assessment</b></p> <p>...</p> <p>For the market makers that fulfill the market presence requirement, traded value ratio and market presence ratio coefficients, in calculating the exchange commission on market maker basis, are given in Appendix 11. At this calculation, trade values of trade reports are <b>added</b> to market makers' trade values. <b><u>95% of the ratio of the continuous trading duration of Equity Market to the continuous trading duration of Derivatives Market is also taken into consideration in the calculation of the rebate amount to be paid to the market makers who fulfill their obligations for single stock futures contracts. If changes in session hours are in favor of market makers, they are effective as of the relevant month. Otherwise, they are effective as of next month.</u></b></p>
<p><b>42. Temporary or permanent withdrawal from market making and withdrawal of the authorization</b></p> <p>Market making authority may be cancelled by the General Manager ex-officio or upon the application of the market maker. The market maker shall notify the</p>	<p><b>42. Temporary or permanent withdrawal from market making and withdrawal of the authorization</b></p> <p>Market making authority may be cancelled by the General Manager ex-officio or upon the application of the market maker. The market maker shall notify the</p>

Exchange in written form stating the request to withdraw from market making temporarily or permanently. The market makers that are withdrawn from market making with approval of the Exchange may be market maker again upon their application. General Manager is authorized to decide on this matter.

~~In case a market maker requests to withdraw from market making prior to the decision of General Manager and related market makers have not fulfilled at least one year of in market making activities on the entrusted contract as of the date of the withdrawal application, anyway the market maker shall refund the discounted exchange fee of the last three months related to the market making. Also, if market makers,~~

- ~~i. demand to withdraw before the expiration date of the contracts that they are responsible,~~
- ~~ii. are decided to be excluded from the program after market maker assessment,~~

~~they are obliged to repay the rebate amounts of the last 3 months.~~

~~Permanent or temporary withdrawal from the market maker does not affect the authority of trading in the Market.~~

Exchange in written form stating the request to withdraw from market making temporarily or permanently. The market makers that are withdrawn from market making with approval of the Exchange may be market maker again upon their application. General Manager is authorized to decide on this matter.

**Market making authorization is cancelled at the end of month. In this case, the exchange fee discount and rebate amounts obtained in the last three months due to market making activity must be returned.**

**APPENDIX-2: MARKET DEFINITION LIST**

**CCOLA, ENKAI, FROTO, MGROS, SASA, TRKCM, TSKB and ULKER underlyings were added to 168/VIOP Equity Derivatives Market for single stock futures contracts.**

**APPENDIX -10: OBLIGATIONS OF MARKET MAKERS**

**APPENDIX -10: OBLIGATIONS OF MARKET MAKERS**

Market Segment	Contracts for which the Market Maker is Responsible	Spread Requirements**					Market Presence***	
Single Stock Futures*	For the standard contracts with two closest expiry dates in at least 10 single stock futures contracts.	Best Bid Price (TRY)	Time to Expiry (Days)				Minimum Order Quantity	On a monthly basis, 60% of the total amount of time during which the market was open.
			<15	<30	<45	≥45		
			Maximum Spread					
		<1	0,02	<b>0,03</b>	<b>0,04</b>	<b>0,05</b>	10	
		<5	0,03	<b>0,05</b>	<b>0,07</b>	0,08	10	
		<10	<b>0,06</b>	<b>0,10</b>	<b>0,14</b>	<b>0,18</b>	10	
		<20	<b>0,13</b>	<b>0,22</b>	<b>0,29</b>	<b>0,37</b>	10	
		<40	<b>0,18</b>	<b>0,32</b>	<b>0,40</b>	<b>0,62</b>	10	
		<60	0,22	0,44	0,62	0,84	10	
		<80	0,35	0,60	0,92	1,15	10	
		<100	0,40	0,75	1,03	1,3	10	
		<150	0,45	0,85	1,15	1,43	10	
≥150	0,50	0,93	1,21	1,47	10			

Market Segment	Contracts for which the Market Maker is Responsible	Spread Requirements**					Market Presence***	
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			<15	<30	<45	≥45		
			Maximum Spread					
		<1	0,02	<b>0,02</b>	<b>0,03</b>	<b>0,04</b>	10	
		<5	0,03	<b>0,04</b>	<b>0,06</b>	0,08	10	
		<10	<b>0,05</b>	<b>0,08</b>	<b>0,12</b>	<b>0,16</b>	10	
		<20	<b>0,10</b>	<b>0,16</b>	<b>0,25</b>	<b>0,35</b>	10	
		<40	<b>0,12</b>	<b>0,24</b>	<b>0,35</b>	<b>0,45</b>	10	
		<60	0,22	0,44	0,62	0,84	10	
		<80	0,35	0,60	0,92	1,15	10	
		<100	0,40	0,75	1,03	1,30	10	
		<150	0,45	0,85	1,15	1,43	10	
≥150	0,50	0,93	1,21	1,47	10			

Market Segment	Contracts for which the Market Maker is Responsible	Spread Requirements**					Market Presence***	
Gold Futures	For contracts with two closest expiry dates.	Underlying Asset	Time to Expiry(Days)				Minimum Order Quantity	On a monthly basis, 70% of the total amount of time during which the market was open.
			<30	<60	<90	≥90		
			Maximum Spread					
		XAUTRY	0,3	0,45	0,6	0,75	200	
XAUUSD	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	20			

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			<30	<60	<90	≥90		
			Maximum Spread					
XAUTRY	0,3	0,45	0,6	0,75	200			
XAUUSD	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	20			

## APPENDIX -11: RIGHTS OF MARKET MAKERS

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Market Segment	Underlying Asset	MM Account-Exchange Fee Discount	MM Customer Accounts - Exchange Fee Discount	Exemption of Voluntary Order Cancellation Fee (For MM Accounts)	Revenue Share Ratios	Trade Value Coefficient	Market Presence Ratio Coefficient	Connection Incentives*
Equity Futures	GARAN	%100	-	Yes	%50	0,90	0,10	2 Market Maker TW and 1 free Market Maker FixAPI or OUCH
	THYAO							
	Other Single Stocks							

...

**The Revenue Sharing Calculation Method:**

For example, for a instrument class/type/group where two market makers are active, assuming that the market presence of market maker A is %80, and that of market maker B is %100. Assuming that the traded value that occurs as a result of the trades that market maker A realizes with non-market maker accounts is equal to TRY 100,000, and that of market maker B is TRY 200,000. Therefore, the revenue sharing calculation will be as follows:

- X: The traded value that the market maker realizes with non-market maker accounts
- Y: The total traded value of the trades that all the market makers for the relevant instrument class/type/group realize with non-market maker accounts
- X/Y : Traded Value Ratio
- Z: Market presence of the market maker
- K: The total market presence of all the market makers for the relevant instrument class/type/group

**Right of 2 free trading workstation terminals for market makers is terminated for all contracts. Also, CCOLA, ENKAI, FROTO, MGROS, SASA, TRKCM, TSKB and ULKER underlyings were added for single stock futures contracts.**

Market Segment	Underlying Asset	MM Account-Exchange Fee Discount	MM Customer Accounts - Exchange Fee Discount	Exemption of Voluntary Order Cancellation Fee (For MM Accounts)	Revenue Share Ratios	Trade Value Coefficient	Market Presence Ratio Coefficient	Connection Incentives*
Equity Futures	GARAN	%100	-	Yes	<u>%40</u>	0,90	0,10	<del>2 Market Maker TW and-1 free Market Maker FixAPI or OUCH</del>
	THYAO	%100	-	Yes	<u>%40</u>	0,90	0,10	
	Other Single Stocks	%100	-	Yes	<u>%60</u>	0,90	0,10	

...

**The Revenue Sharing Calculation Method:**

For example, for a instrument class/type/group where two market makers are active, assuming that the market presence of market maker A is %80, and that of market maker B is %100. Assuming that the traded value that occurs as a result of the trades that market maker A realizes with non-market maker accounts is equal to TRY 100,000, and that of market maker B is TRY 200,000. Therefore, the revenue sharing calculation will be as follows:

- X: The traded value that the market maker realizes with non-market maker accounts
- Y: The total traded value of the trades that all the market makers for the relevant instrument class/type/group realize with non-market maker accounts

Formula:  $0.9 * (X / Y) + 0.1 * (Z / K)$

Market Maker A:  $0.9 * (100,000 / 300,000) + 0.1 * (0.8 / 1.8) = 0,3\bar{4}$

Market Maker B:  $0.9 * (200,000 / 300,000) + 0.1 * (1 / 1.8) = 0,6\bar{5}$

Assuming that %50 of the total exchange fee will be shared with the market makers. In this case, if the total exchange fee for the relevant instrument class/type/group is TRY 20,000, TRY 10,000 of this amount will be allocated to market makers A and B, at amounts of respectively, TRY 3,444.44 and TRY 6,555.56.

- X/Y : Traded Value Ratio
- Z: Market presence of the market maker
- K: The total market presence of all the market makers for the relevant instrument class/type/group
- **A: (Duration of continuous trading of Equity Market/ Duration of continuous trading of Derivatives Market)\*0,95**

Formula:  $0.9 * (X / Y) + 0.1 * (Z / K)$

Market Maker A:  $0.9 * (100,000 / 300,000) + 0.1 * (0.8 / 1.8) = 0,3\bar{4}$

Market Maker B:  $0.9 * (200,000 / 300,000) + 0.1 * (1 / 1.8) = 0,6\bar{5}$

Assuming that %50 of the total exchange fee will be shared with the market makers. In this case, if the total exchange fee for the relevant instrument class/type/group is TRY 20,000, TRY 10,000 of this amount will be allocated to market makers A and B, at amounts of respectively, TRY 3,444.44 and TRY 6,555.56.

**The rebate amount calculated for single stock futures is multiplied by (Z/A). If (Z/A) is greater than 1, this ratio is used as "1" in the formula.**