Document	Type	Announcement
	No	2021/39
	Subject	Changes in Rules of Market Making Program at Derivatives Market
	Date of Approval	31/05/2021
	From	Derivatives Market
	To	Members, Data Vendors and Independent Software Vendors (ISVs)

To Whom It May Concern,

Market making program rules in Borsa İstanbul Derivatives Market will be updated as below:

- Groups of Market Making rights and obligations for single stock futures are updated as indicated in the attachment,
- Trade Value and Market Presence Ratio Coefficients, that are used for revenue sharing calculation, are updated as 0.75 and 0.25 respectively.
- Additional responsible contracts that are compulsory for market making activities performed through customer accounts in group A contracts are updated as in the attachment in order to include at least one option group. Current market maker members falling under this scope should convey their additional responsible contract preferences to Borsa İstanbul as of 18 June 2021.
- Exchange Fee Discount for the customer accounts that perform market making activities in group B will be applied as 100%.
- 1 free Market Maker FIX API or OUCH will be provided as connection incentives upon request in case of market making activities performed through customer accounts in group B.
- All aforementioned changes will be valid as of 01/07/2021.

Derivatives Market Procedure will be updated as in Attachmentrespectively.. The updated version of Derivatives Market Procedure will be effective as of July 1, 2021 and can be reached from Borsa İstanbul website under "Corporate" tab, "About Borsa Istanbul" section, "Regulations" heading (https://www.borsaistanbul.com/en/sayfa/4028/procedures).

Kindly for your information.

Korkmaz ERGUN
CEO and Board Member

Attachment: Changes in Borsa İstanbul A.Ş. Derivatives Market Procedure (5 pages).

Attachment-1: Changes in Borsa İstanbul A.Ş. Derivatives Market Procedure

OLD TEXT	NEW TEXT
43. Market Making Program **43.1 General Operating Principles** ... If market making activities are performed through customer accounts in group A contracts, application for below additional responsible contracts is compulsory.	**43. Market Making Program** **43.1 General Operating Principles** ... If market making activities are performed through customer accounts in group A contracts, application for below additional responsible contracts is compulsory.

OLD TEXT table:

Responsible contracts	Additional Responsible Contracts
Group 1 Single Stock Futures	~~Any options contract and BIST Liquid Banks Index together with BIST Liquid 10 Ex Banks Index Futures contract~~
Group 2 Single Stock Futures	~~Any options contract or BIST Liquid Banks Index together with BIST Liquid 10 Ex Banks Index Futures contract~~
Group 3 Single Stock Futures	~~Any futures or options contract in Group B~~
USD/Ounce Gold Futures	~~Any options contract in Group B~~
TRY/Gram Gold Futures	~~Any futures or options contract in Group B~~
USD/Ounce Silver Futures	~~Any options contract in Group B~~

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NEW TEXT table:

Responsible contracts	Additional Responsible Contracts
Group 1 Single Stock Futures	**An options group and a Group B futures contract**
Group 2 Single Stock Futures	**An options group and a Group B futures contract**
Group 3 Single Stock Futures	**An options group and a Group B futures contract**
USD/Ounce Gold Futures	**An options group and a Group B futures contract**
TRY/Gram Gold Futures	**An options group and a Group B futures contract**
USD/Ounce Silver Futures	**An options group and a Group B futures contract**

Notes:

1- **In single stock options, an options group consists of option contracts based on 5 underlying assets.**

2- **In case of becoming market maker on two contracts of Group A, the additional condition of Group B Futures Contract is not compulsory for subsequent applications.**

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APPENDIX-10: NORMAL SESSION OBLIGATIONS OF MARKET MAKERS	APPENDIX-10: NORMAL SESSION OBLIGATIONS OF MARKET MAKERS
….	**In the table;** **Underlyings in the groups are changed as below for Single Stock Futures Market Segment:** **Group 1 Underlyings: AKBNK, EKGYO, EREGL, GARAN, GUBRF, KOZAL, KRDMD, PETKM, SASA, SISE, TCELL, THYAO, TSKB, TUPRS, YKBNK** **Group 2 Underlyings: ARCLK, ASELS, BIMAS, DOHOL, FROTO, HALKB, ISCTR, KCHOL, MGROS, PGSUS, SAHOL, TAVHL, TKFEN, TTKOM, VAKBN** **Group 3 Underlyings: AEFES, ALKIM, CCOLA, ECILC, ENJSA, HEKTS, ISFIN, ISGYO, IPEKE, KARSN, KOZAA, MPARK, ODAS, OYAKC, SKBNK, SOKM, TOASO, TRGYO, TURSG, ULKER, VESTL**
APPENDIX-11: NORMAL SESSION RIGHTS OF MARKET MAKERS …..	**APPENDIX-11: NORMAL SESSION RIGHTS OF MARKET MAKERS** **In the table;** **Underlyings in the groups are changed as below for Single Stock Futures Market Segment:** **Group 1 Underlyings: AKBNK, EKGYO, EREGL, GARAN, GUBRF, KOZAL, KRDMD, PETKM, SASA, SISE, TCELL, THYAO, TSKB, TUPRS, YKBNK** **Group 2 Underlyings: ARCLK, ASELS, BIMAS, DOHOL, FROTO, HALKB, ISCTR, KCHOL, MGROS, PGSUS, SAHOL, TAVHL, TKFEN, TTKOM, VAKBN**

	Group 3 Underlyings : AEFES, ALKIM, CCOLA, ECILC, ENJSA, HEKTS, ISFIN, ISGYO, IPEKE, KARSN, KOZAA, MPARK, ODAS, OYAKC, SKBNK, SOKM, TOASO, TRGYO, TURSG, ULKER, VESTL **The values at "Trade Value Coefficient" column changed from 0.90 to 0.75 for all market segments.** **The values at "Market Presence Ratio Coefficient" column changed from 0.10 to 0.25 for all market segments.** **The value of "MM Activities through Customer Accounts - Exchange Fee Discount" updated as 100% for group B contracts' market segments mentioned in Article 43.1 of Derivatives Market Procedure.** **The expression at "Connection Incentives*" column changed as "1 free Market Maker FixAPI or OUCH" for group B contracts' market segments mentioned in Article 43.1 of Derivatives Market Procedure.**
The Revenue Sharing Calculation Method: For example, for an instrument class/type/group where three market makers are active, let's assume that the market presence of market maker A is 80%, market maker B is 100% and market maker C is 20% and performance criterion for this instrument class is 70%. 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, that of market maker B is TRY 200,000 and that of market maker C is TRY 100,000. Therefore, the revenue sharing calculation will be as follows:	**The Revenue Sharing Calculation Method:** For example, for an instrument class/type/group where three market makers are active, let's assume that the market presence of market maker A is 80%, market maker B is 100% and market maker C is 20% and performance criterion for this instrument class is 70%. 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, that of market maker B is TRY 200,000 and that of market maker C is TRY 100,000. 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
- A: (Duration of continuous trading of Equity Market/ Duration of Normal Session of Derivatives Market)*0.95

Formula: 0.~~9~~* (X / Y) + 0.~~1~~ * (Z/ K)
Market Maker A: 0.~~9~~ * (100,000 / 400,000) + 0.~~1~~* (0.8 / 2.0) = ~~0.265~~
Market Maker B: 0.~~9~~ * (200,000 / 400,000) + 0.~~1~~* (1 / 2.0) = 0.500
Market Maker C: 0.~~9~~ * (100,000 / 400,000) + 0.~~1~~* (0.2 / 2.0) = ~~0.235~~
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. Revenue share will be TRY ~~2,650~~ for market maker A, TRY 5,000 for market maker B and TRY ~~2,350~~ for market maker C. Market maker C cannot deserve this amount as she cannot meet the daily performance criteria.

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.

- 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
- A: (Duration of continuous trading of Equity Market/ Duration of Normal Session of Derivatives Market)*0.95

Formula: 0.**75*** (X / Y) + 0.**25** * (Z/ K)
Market Maker A: 0.**75** * (100,000 / 400,000) + 0.**25*** (0.8 / 2.0) = **0,2875**
Market Maker B: 0.**75** * (200,000 / 400,000) + 0.**25*** (1 / 2.0) = 0.500
Market Maker C: 0.**75** * (100,000 / 400,000) + 0.**25*** (0.2 / 2.0) = **0,2125**
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. Revenue share will be TRY **2.875** for market maker A, TRY 5,000 for market maker B and TRY **2.125** for market maker C. Market maker C cannot deserve this amount as she cannot meet the daily performance criteria.

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.

APPENDIX-13: EVENING SESSION RIGHTS OF MARKET MAKERS
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APPENDIX-13: EVENING SESSION RIGHTS OF MARKET MAKERS

The values at "Trade Value Coefficient" column changed from 0.90 to 0.75 for all market segments.

	The values at "Market Presence Ratio Coefficient" column changed from 0.10 to 0.25 for all market segments.
	The value at "MM Activities through Customer Accounts - Exchange Fee Discount" column updated as 100% for index futures market segment.
	The expression at "Connection Incentives*" column changed as "1 free Market Maker FixAPI or OUCH" for index futures market segment.