



**BORSA
İSTANBUL**



BORSA İSTANBUL FOR INVESTORS



BORSA İSTANBUL FOR INVESTORS

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Introduction

Borsa İstanbul provides a fair and transparent environment for trading of various types of securities including equities, ETFs, warrants, equity options and futures, equity index options and futures, currency options and futures, precious metals futures , commodity futures, power futures, certificates, government bonds, Treasury bills, lease certificates, corporate bonds, repo and reverse repo agreements (with government securities, corporate securities and equities) precious metals, precious stones and foreign securities (Eurobonds issued by Turkish Treasury).



- Emerging Companies Market
- Debt Securities Market
 - Outright Purchases and Sales Market
 - Offering Market for Qualified Investors
 - Repo/Reverse Repo Market
 - Interbank Repo/Reverse Repo Market
 - Repo Market for Specified Securities
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 - Equity Options and Futures
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 - Precious Metals Lending Market
 - Diamond and Precious Stone Market

Currently, there are five main markets operating at Borsa İstanbul; Equity Market, Emerging Companies Market, Debt Securities Market, Derivatives Market, and Precious Metals and Diamond Market.

Markets and sub-markets of Borsa İstanbul are as follows;

- Equity Market
 - National Market
 - Second National Market
 - Collective Products Market
 - Watchlist Companies Market
 - Free Trade Platform

Equity Market

Stocks and rights coupons of companies from various sectors, exchange traded funds and structured products (warrants and certificates) are traded on the Equity Market. Borsa İstanbul Equity Market offers a liquid, transparent and safe investment platform for local and foreign investors.

Trades are executed automatically on the Equity Market as per “Multiple Price - Continuous Auction” principle based on price and time priority rule via the electronic trading system.

“Continuous Trading via Market Making” is a trading mechanism designed to assure liquidity in which a member firm acting as a market maker provides continuous two-sided quotes (price and amount) and maintains the spreads. Single price auction is also run for some securities traded on the Borsa İstanbul Equity Market. Trades are executed in two trading sessions, one in the morning and the other in the afternoon. An “Opening Session” based on Single Price System is held at the beginning of both sessions. Starting from March 2, 2012, Borsa İstanbul launched “Closing Session” which takes place at the end of the second trading session. Opening and closing sessions run for the securities traded on continuous auction and continuous auction via market making excluding warrants, certificates, exchange traded funds and rights coupons.

Members collect orders electronically from investors and transmit them to Borsa İstanbul trading system via remote access using ExAPI and FixAPI messaging interfaces. Member representatives may also enter buyers’ and sellers’ orders to the Electronic Trading System via trading terminals located in the trading floor and members’ offices.



The Equity Market is open from Monday to Friday and trading hours are as follows:

National Market Second National Market Collective Products Market • ETF Market • Warrants Markets • Certificates Market • Free Trade Platform	First Session: 09:15 - 12:30 Opening Session: 09:15 - 09:35 Main Session: 09:35 - 12:30 Second Session: 14:00 - 17:40 Opening Session: 14:00 - 14:15 Main Session: 14:15 - 17:30 Closing Session: 17:30 - 17:40 Trades at Closing Price/Single Price: 17:38 - 17:40
Watchlist Companies Market*	Opening Session: 14:00 - 14:15 Main Session: 14:15 - 17:30 Trades at Closing Price/Single Price: 17:38 - 17:40
Primary Market Wholesale Market Official Auction Market**	10:30 - 12:00
Official Auction Market Rights Coupon Market	Relevant market's trading hours

Equity Market's trading hours are also valid for the Emerging Companies Market.

* Watchlist Companies Market trading session will be run from 09:15 to 12:40, when the Equity Market is open for a half day on certain holidays.

** Refers to trading hours of official auction transactions realized with ME, MF, MV, MC codes.

Note: Closing session will be run on half trading days phases of which are given below:

- Order Transfers (No Order Entries): (3 minutes, 12:30 - 12:33)
- Call Phase (Order Collection): (3 minutes, 12:33 - 12:36)
- Price Determination Phase: (2 minutes, 12:36 - 12:38)
- Trades at Closing Price/Single Price: (2 minutes, 12:38 - 12:40)



National Market

National Market is the main market of Borsa İstanbul where the stocks of companies are traded.

Listing Criteria on the National Market

Audit: The corporation must provide the Exchange with its financial statements and independent audit reports which will be included in the prospectus in accordance with the Capital Markets Board of Turkey (CMB) regulations.

Operating Term: At least 3 calendar years must have elapsed since the establishment of the corporation. In the application of sub-paragraph (b), paragraph one of this article, the amount of time that the business has existed in any form of a capital company other than a joint stock company shall be taken into consideration. In the evaluation of the listing application by a new company in the form of a holding company, which is founded with the minimum 51% participation of a company older than three years, the requirement of a history of minimum three years shall not be sought. However, the equity capital of the participations with a minimum history of three years must not be less than 50% of the asset size of the newly established holding company.

Among the requirements listed under the following alternative groups, the corporation must meet all those requirements which fall into the same group.

Sound Financial Structure: The Exchange management must have had the corporation's financial structure examined and accepted its ability to continue as an ongoing concern.

Others:

- The corporation's articles of association must not include any provisions restricting the transfer and circulation of the securities to be traded on the Exchange or preventing the shareholders from exercising their rights.
- Significant legal disputes which might affect the corporation's production or activities must not exist.
- For reasons other than those acceptable to the Exchange, the corporation must not have suspended its activities for more than 3 months within the last 1 year, not filed for its liquidation or an arrangement with its creditors, and not have faced other similar situations determined by the Exchange.
- The corporation's securities must comply with the criteria pre-determined by the Exchange management in terms of current and potential trading volumes.
- The corporation's legal situation in terms of its establishment and activities as well as the legal situation of its shares must be documented to verify their compliance with the respective legislation.

Collective Products Market

The Collective Products Market was created in order to ensure that the shares of the investment trusts, real estate investment trusts and venture capital investment trusts, exchange-traded funds participation certificates, warrants and certificates are traded in a special market segment. In this separate section the prices of the securities are determined in a regulated and transparent market under competitive conditions. The principles governing trading and settlement on the National Market also apply in the Collective Products Market. Besides multiple price-continuous auction method, continuous auction via market making or single price auction systems could also be employed as the trading method.

	Group 1	Group 2	Group 3
Market value of publicly offered stocks	Minimum ₺135,000,000	Minimum ₺68,000,000	Minimum ₺33,500,000
Profits before tax must have been earned	in at least one of the last two years	in at least one of the last two years	The last 2 years
Ratio of publicly offered stocks to paid-in or issued capital	-	Minimum 5%	Minimum 25%
Equity capital in the most recent, independently audited financial statements	Minimum ₺33,500,000	Minimum ₺22,000,000	Minimum ₺13,500,000



Registration on the Collective Products Market

For the participation certificates of investment trusts, warrants, real estate investment trusts and venture capital investment trusts, the application procedure is the same as in the National Market. However, in exchange-traded funds;

- All information and documents provided in relation with the CMB for approval information and documents for participation certificates,
- CMB approval,
- Prospectus and circular approved by the CMB,
- Sales results after public offering in compliance with the format determined by the Borsa İstanbul,
- Other information and documents to be requested by Borsa İstanbul shall be submitted to Borsa İstanbul.

The applications for trading of warrants and other structured products issued in a form available for trading on Borsa İstanbul as per the CMB regulations should be made simultaneously with the application for approval of the prospectus to the CMB.

Second National Market

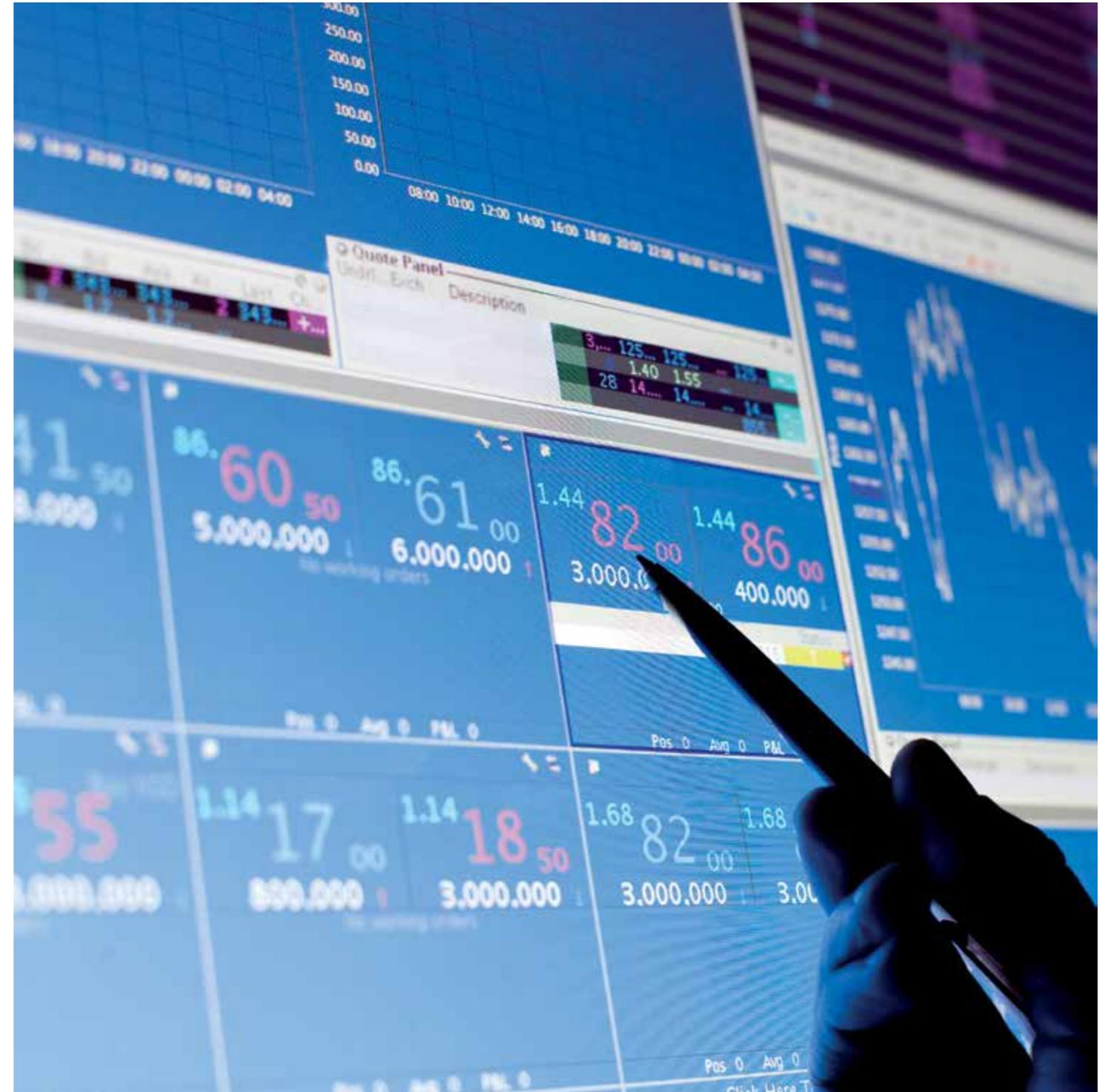
Companies that partially meet the listing criteria of National Market and promise a growth potential can be traded

on the Second National Market. The Principles governing trading and settlement on the National Market also apply for the Second National Market.

Registration on the Second National Market

- In order for a company of which prospectus is approved by the CMB and files an application for the trading of its stocks on the Exchange to be admitted to the Second National Market,
- The application must refer to all shares of same type issued until the application date.
- Market capitalization of the publicly offered shares of the company and the rate of the nominal value of these shares to paid-in or issued capital must be at least TL 6.8 million and 15% or TL 13.5 million and 5%, respectively¹.
- The decision of Borsa İstanbul, in consideration of the financial and legal status, activities and the liquidity potential of a company, is required for the trading of that company on the Second National Market, provided that there is no restriction for the circulation of the shares.
- For reasons other than acceptable to the Exchange, the corporation must not have suspended its production activities for more than three months within the previous year, not filed for liquidation or entered into composition or any other arrangement with its creditors, and not have faced similar situations determined by the Exchange.

(1) The above values can be reset by Borsa İstanbul with reference to the increase in the annual producer price index announced by Turkish Statistical Institute.



Watchlist Companies Market

The “Watchlist Companies Market” was established with an aim to provide an organized and liquid market for trading of stocks of companies under special surveillance and investigation due to extraordinary situations’ with respect to stock transactions and/or to the companies traded on Borsa İstanbul.

Settlement in the Equity Market

The clearing and settlement of securities and cash regarding Borsa İstanbul Equity Market is realized on T+2 basis.

Cash settlement is carried out via Takasbank cash settlement pool accounts. The securities clearing and settlement operations are carried out via Takasbank Settlement Pool Account with Merkezi Kayıt Kuruluşu Inc. (MKK). MKK and Takasbank systems are fully interlinked in real-time, so securities transfers are reflected in the MKK instantaneously. Settlement is realized along with the details that are transferred from the MKK.

The custody accounts are held with MKK on beneficial owner basis; participants have a settlement pool account besides their own portfolio account and investor sub-accounts. The cash accounts are on participant basis and held with Takasbank.

At the end of each trading day, Borsa İstanbul transmits details of all transactions that have been undertaken by the brokerage houses in two trading sessions to Takasbank. Upon receipt of this data, Takasbank multilaterally nets the settlement position, indicates the obligations for each broker in each security, and calculates their net cash position.

The net securities settlement position on client basis is transmitted to MKK on trade day (T). Details of netting activity are made available to participants electronically on T day, showing details of settlement amounts due. At the end of the day, the securities of the delivering clients are blocked automatically by the MKK for settlement purposes. The receipt instructions for the transfer of securities from the participant accounts to the client sub-accounts are formed within the MKK system.

On T+1, net settlement records that are checked by the MKK are made available to participants electronically. In case of a discrepancy, participants can apply to Borsa İstanbul for amendment until 17:40 on T+1. The settlement records are updated according to amendments and the correct contract details.

⁽²⁾ Disclosure of incomplete, inconsistent and/or untimely information to the public; failure to comply with the existing rules and regulations as well as other situations leading to the delisting of stocks and/or dismissal from the related market temporarily or permanently in order to protect investors’ rights and the public interest.



Equity Market Key Statistics

	2007	2008	2009	2010	2011	2012	2013*
No. of Companies	319	317	315	338	363	406	421
No. of ETFs	8	9	10	12	12	16	17
Market Capitalization (Million US \$, ETFs Exc.)	289,986	119,698	235,996	307,551	201,982	311,246	237,641
Total Traded Value (Million US \$)	300,842	261,274	316,326	425,747	423,851	348,606	431,273
BIST 100 Index (TL)	55,538.13	26,864.07	52,825.02	66,004.48	51,266.62	78,208.44	67,801.73
BIST 100 Index (US \$)	2,789.66	1,027.98	2,068.18	2,499.75	1,580.45	2,561.94	1,853.28
BIST 30 Index (TL)	70,457.30	35,001.85	66,992.07	81,338.13	61,698.29	97,728.24	82,447.87
BIST 30 Index (US \$)	3,539.04	1,339.38	2,622.85	3,080.47	1,902.04	3,201.36	2,253.62

*As of end 2013

* Includes Emerging Companies Market and Free Trade Platform

On T+2, the securities of the delivering clients are transferred from the settlement blockage account to settlement pool account of the participant within the MKK system. The transfer of securities from participant settlement pool account to Takasbank Settlement Pool Account within the MKK system is executed by the MKK automatically. Securities are transferred to client sub-accounts by the MKK.

Members are entitled to get their receivables from settlement, prioritized according to the time of the fulfillment of their obligations. If participants fulfill their obligations partially, they are entitled with their receivables partially. Settlement can occur continuously in the processing day subject to the availability of cash and securities. These transfers occur simultaneously with the internal book entry settlement of the netted securities positions, provided that the Takasbank Settlement Pool Account is available.

Participants are expected to fulfill their cash obligations by using their cash accounts with Takasbank until 16:30 for Borsa Istanbul Equity Market settlements. Participants can transfer cash from their other accounts within Takasbank or from other banks using the Central Bank of Turkey's (CBoT) Electronic Fund Transfer (EFT) system or using same day receivables from Borsa İstanbul Debt Securities Market or Takasbank Money Market. Settlement procedures are the same for the Collective Products Market.

If the members are unable to fulfill their both cash and securities settlement obligations until 16:30 at T+2, then they are deemed in default without any further notification and Takasbank executes default procedures.

Debt Securities Market

The Debt Securities Market is comprised of the Outright Purchases and Sales Market, Repo-Reverse Repo Market, Interbank Repo- Reverse Repo Market, Repo Market for Specified Securities, Offering Market for Qualified Investors and Equity Repo Market where primary and secondary market transactions are conducted.

Government debt securities denominated in Turkish Lira and foreign currency, revenue indexed bonds, private sector bonds, private sector borrowing instruments, liquidity bills issued by Central Bank of Turkey (CBoT), debt securities issued by the Privatization Administration and Housing Development Administration of Turkey and lease certificates issued by the public and private sectors are traded on the Borsa İstanbul Debt Securities Market. Repo and Reverse Repo transactions are also conducted on this Market.

Trading on the Debt Securities Market is conducted electronically via the multiple price continuous auction system. Outright Purchases and Sales Market was founded on June 17, 1991, Repo-Reverse Repo Market became operational on February 17, 1993, The Offerings Market for Qualified Investors started on May 17, 2010, Repo Market for Specified Securities was founded on December 17, 2010 while Interbank Repo-Reverse Repo Market became operational on January 7, 2011 and Equity Repo Market on December 7, 2012. The Market is open from Monday to Friday and the trading hours are as follows:

Outright Purchases and Sales Market
Same day value date orders 09:15 - 12:00 / 13:00 - 14:00
Forward value date orders 09:15 - 12:00 / 13:00 - 17:00.

Offering Market for Qualified Investors
All orders 09:15 - 12:00 / 13:00 - 14:00

Repo / Reverse Repo Market

Interbank Repo / Reverse Repo Market and Repo Market for Specified Securities

Same day beginning value date orders 09:15 - 12:00 / 13:00 - 14:00

Forward beginning value date orders 09:15 - 12:00 / 13:00 - 17:00

Equity Repo Market

Same day value date orders: 09:35-12:00

Forward value date orders: 09:35-12:00

Eurobonds Markets

International Bonds Market (IBM) and Eurobond Negotiated Deals Platform (ENDP)

Turkish Eurobonds, international debt securities issued by the Turkish Undersecretariat of Treasury, and other international debt securities having the nature of debt securities registered by the CMB and listed and/or registered by Borsa İstanbul may be traded on the Borsa İstanbul Eurobonds Market.



Clearing and Settlement in the Debt Securities Market

Clearing and settlement operations for Borsa Istanbul Debt Securities Market are executed by Takasbank.

The clearing and settlement transactions of debt securities, namely, government bonds and bills, T/L and F/X denominated Treasury sukuk issues and corporate debt securities are executed by Takasbank.

Settlement of trades in the primary market and in the over the counter secondary market for the government debt securities is realized via the Electronic Securities Transfer System operated by and finalized through the CBoT. (Central Bank of Turkey)

The intermediary institutions' sovereign debt securities portfolios are safe kept at CBoT and settlement is conducted via Takasbank cash and securities accounts held with CBoT.

The beneficial owners' sovereign debt securities are safe kept at beneficial-owner basis in MKK sub-accounts and settlement is conducted via Takasbank cash and securities accounts held with CBoT. In case of a settlement transaction arisen as a result of the selling of beneficial-owned securities, these securities have to be transferred from MKK accounts to Takasbank accounts at the CBoT.

For F/X denominated Treasury sukuk issues, settlement transactions are conducted via Takasbank cash and securities nostro accounts held with foreign correspondent banks. For TRY denominated Treasury sukuk issues, settlement transactions are conducted via Takasbank cash and securities accounts held with CBoT and these instruments are safe kept at CBoT.

Securities settlement of transactions in corporate bonds as well as other debt instruments other than government bonds and bills and Treasury sukuk issues are conducted through the MKK system via securities accounts whereas cash is settled through Takasbank cash accounts. The Delivery versus Payment (DvP) principle is employed with a settlement date of T+0 (Value date is specified at the time of trade) for transactions in both sovereign and corporate debt instruments.

In the Debt Securities Market, Borsa Istanbul provides a platform for the members to match orders. Information on executed trades is passed to Takasbank in real time. Takasbank multilaterally nets all trades for each Borsa Istanbul member for each security traded and for cash. Securities obligations due to trades in corporate debt instruments are managed through Takasbank's securities account at MKK. These obligations, together with receivables due, are monitored by members electronically via MKK's system on trade day.

In settlement of transactions in government bonds and bills, participants are required to provide settlement instructions to Takasbank before 16:30 hours on the settlement date through the Electronic Securities Transfer System of the CBoT or through Takasbank Electronic Transfer System (TETS). Securities are initially credited to Takasbank's account at CBoT and subsequently

moved by the buying party to their account at CBoT. Although the deadline for settlement is 16:30 hours, settlement is continuous throughout the processing day subject to availability of cash and securities. Only trades, executed before 14:00 hours, can be settled on the same day. Settlement deadlines are the same for transactions in corporate debt instruments.

In settlement of transactions in F/X denominated sukuk issues, participants are required to provide settlement instructions to Takasbank before 15:00 hours for EUR denominated issues and on 16:30 hours for USD denominated issues on the settlement date.

Participants are expected to fulfill their cash obligations by using their cash accounts with Takasbank until 16:30 hours for the Debt Securities Market settlements. Participants can transfer cash from their other accounts within Takasbank or from other banks using the CBoT's Electronic Fund Transfer (EFT) system or using same day receivables from Borsa Istanbul Equity Market or Takasbank Money Market.

If the members are unable to fulfill their both cash and securities settlement obligations until 16:30 at T+2, then they are deemed in default without any further notification and Takasbank executes default procedures.

Settlement in Eurobonds Market

The value date of the orders is minimum 1 business day ($V=T+1$) and maximum 15 ($V=T+15$) calendar days.

All Borsa İstanbul members authorized to trade on Borsa İstanbul Debt Securities Market Outright Purchases and Sales Market are eligible to trade on Eurobonds Markets, provided that they deposit a collateral of USD 50,000 or other equivalents stated in the respective legislation.

The cash and security clearing and netting operations of the Eurobond transactions on Eurobonds Market are realized by Takasbank, and settlement is finalized through the accounts of members with Euroclearbank, the international clearing agency determined by Takasbank. Netting is executed bilaterally on the basis of security, value date and currency between the two parties of the transaction. The settlement method is DvP. The cash settlement of the transactions is realized on the currency of the relevant Eurobond.

Security and cash obligations should be fulfilled until 18:30 (Belgium Time) on value date. If the members are unable to fulfill their settlement obligations until this time, then they are deemed in default without any further notification and Takasbank executes default procedures.



Daily Average Traded Value on the Debt Securities Market (US \$ million)*

	2007	2008	2009	2010	2011	2012	2013**
Debt Securities Market*	9,016	10,014	8,726	9,232	9,680	15,074	14,496
Outright Purchase and Sales Market	1,106	954	1,071	1,191	1,151	790	860
Repo and Reverse Repo Market	7,910	9,060	7,655	8,041	6,894	8,210	6,622
Interbank Repo / Reverse Repo Market	-	-	-	-	1,614	6,051	6,969
Repo Market for Specified Securities	-	-	-	-	20	21	42
Offering Market for Qualified Investors	-	-	-	0.11	1	3	3

* The total daily average value on the market can be different from the sum of the sub-market daily average because of rounding.

** Data is updated as of end 2013

Emerging Companies Market - ECM

The ECM is established as a distinct market within the Borsa İstanbul to create a transparent and organized platform where shares, issued by companies with growth potential to raise funds from the capital markets, can be traded. The ECM Regulation was published on August 18, 2009 and the first trading took place on February 4, 2011.

	2011	2012	2013
Number of companies gone public	2	10	9
Funds raised (USD)	15,413,710	48,709,612	33,083,714

Shares of the companies, registered with the Capital Market Board of Turkey (CMB), but fail to meet the complete set of listing requirements of Borsa İstanbul can be traded on the ECM. The shares eligible for trading on the ECM include those issued by joint stock companies in capital increases by partially or fully restricting the preemptive rights of the existing shareholders, and in the case of secondary public offerings, the shares acquired by using the rights attached to such shares. The ECM aims that, the proceeds of an initial public offering (IPO) or directly satisfy the financial needs of the issuing company. Thus, an IPO or a private placement sale by a shareholder is not allowed on the ECM.

No quantitative criteria such as profitability, company age, market capitalization size, or minimum capital amount are required for admission to the ECM.

Yet, there is a ceiling constraint that the ECM applicant companies should not meet the criteria defined by the Borsa İstanbul listing regulation. The applications of such companies are rejected and advised that they should apply

for the Equity Market in line with the Borsa İstanbul listing regulation. The ECM traded shares are registered with the Merkezi Kayıt Kuruluşu (Central Registry Agency, CRA) system in dematerialized form. The custody and settlement of the ECM shares are realized in the same method as the shares traded on the Equity Market. The trading activity is also carried out on the same electronic trading platform with the Equity Market at the same trading hours although by different trading methods. Mainly, “Continuous Auction with Market Maker” system is employed for the ECM whereas “Single Price” method is employed for the securities without a Market Maker. Cash and security settlement of trades are completed by the İstanbul Settlement and Custody Bank (Takasbank). Delivery and exchange of securities and cash is made on T+2 day via Takasbank and the CRA. The ECM trades are Turkish Lira denominated.

In order to ease the process of application and compliance with the respective rules and regulations, “Market Advisor” system is established for the ECM.

In Market Advisory system Borsa İstanbul authorizes the Market Advisors as defined in the ECM Regulation. Within the framework of the CMB and the Borsa İstanbul regulations, the Market Advisor is responsible to assist the company to complete the preparations necessary for the admission application to the ECM; and after admission to the ECM Directory, to provide advisory services to the company to help comply with the capital markets regulations and the Borsa İstanbul regulation.

Intermediary institutions holding an “Investment Advisory License” or “Public Offering Intermediation License”, portfolio management companies holding an “Investment Advisory License” and venture capital investment companies are eligible to be market advisors. The ECM enables investors to connect with the companies with high growth potential and to allocate their portfolio investments to such companies and to become shareholders. Intermediary institutions should get the “ECM Risk Notification Form” which introduces the ECM to investors and states its main differences and risks, signed by investors before providing brokerage services for trading on the ECM.

A company traded on the ECM can be transferred to a sub-market of the Equity Market provided that it meets the requirements to be traded on that specific market.

In order to facilitate the public offering procedures, the ECM offers a variety of incentives to companies such as exemptions and alleviations from some requirements as well as fee reductions. CMB registration fee, CRA membership and transaction fees and Borsa İstanbul fees for the companies are reduced to one tenth (1/10) level of those in the Equity Market. KOSGEB (Small and Medium Sized Business Development and Support Organization of the Ministry of Industry and Trade) has an incentive program, for its member SMEs, to help the ECM companies fund their initial public offering costs up to TL 100,000.

Guarantee Account

Borsa İstanbul has established “Guarantee Account” in compliance with Article 34 of “Regulations of Borsa İstanbul” with an aim to avoid the delays in settlement of transactions realized on Borsa İstanbul Equity and Debt Securities Markets and to protect the counter party unable to collect receivables as a result of the failure of the other party. The funds of the Accounts are made up of the initial contribution made by Borsa İstanbul and the fines collected from Borsa İstanbul members with late payments and deliveries to settlement.

These funds, currently managed by Takasbank, are activated every day. The equity market guarantee account is activated and put into the Takasbank cash settlement pool account in the morning of the settlement day (T+2 for equities) providing the initial liquidity to the settlement process. At the end of the settlement, if all the parties fulfill their obligations, the fund is released in full and remunerated in market terms via the Treasury Department of Takasbank. Otherwise, it is used to cover the failure of the buyer against the seller. The coverage is limited to the prevailing value of the Funds. Therefore the equity market guarantee fund is actually a temporary liquidity facility for the settlement process.

Different from the equity market guarantee account, the debt securities market guarantee account is activated and put into the Takasbank cash settlement pool account in cases of default. If a default occurs at the debt securities market settlement transactions after 16:30 at the settlement day (T+0 for same-day settlement), this guarantee account is activated and put into the Takasbank cash settlement pool account.

There also exists a Guarantee Fund for Borsa İstanbul Derivatives Market which is managed by Takasbank. This guarantee fund is made up of member contributions. Clearing members must contribute to Guarantee Fund with cash and non-cash collaterals. The deposited guarantee fund contribution amount of a Member cannot be less than the fixed contribution amount. This amount is reviewed at least once a year by taking the developments in the market, national and international economy into consideration; and it may be changed if deemed necessary. The variable contribution amounts are composed of sequential brackets which have lower and upper limits. The Guarantee Fund contribution amount obligations are calculated on the last business day of each month and updated as of the first business day of the following month.

Derivatives Market (VIOP)

VIOP is designed as a market for trading futures and options contracts based on economic or financial indicators and capital markets instruments, as well as other derivative products in an electronic environment.

Markets and Products

All future and option contracts in Turkey shall be traded on a single platform under the umbrella of VIOP.

Trades can be executed on the Main Board, Negotiated Deals Board and on the Advertising Board in the Exchange.

Contract Codes

Future Contract Codes:

For futures contracts, contract codes are created in a way to include information on the contract type, underlying asset, maturity date and whether the contract size is standard or not.

Example: F_XU030061450

Option Contract Codes:

For option contracts, contract codes are created in a way to include information on the contract type, underlying asset, option style, maturity date, C/P, strike price and whether the contract size is standard or not.

Example: O_XU030E0614P96.000SO

Futures and options contracts traded at VIOP are listed below:

*Equity Index Futures
BIST 30 Index Futures (Cash Settlement, T+1)
*Equity Index Options
BIST 30 Index Options (European, Cash Settlement, T+1)
*Equity Futures
Single Stock Futures (Physical Settlement, T+3)
*Equity Options
Single Stock Options (European, Physical Settlement, T+3)
*Currency Futures
USDTRY Futures (Cash Settlement, T+1)
EURTRY Futures (Cash Settlement, T+1)
EUR/USD Currency Futures (Cash Settlement, T+1)
*Currency Options
USDTRY Options (European, Cash Settlement, T+1)
*Precious Metals Futures
Gold Futures (Cash Settlement, T+1)
USD/Ounce Gold Futures (Cash Settlement, T+1)
*Commodity Futures
Aegean Cotton Futures (Cash Settlement, T+1)
Anatolian Red Wheat Futures (Cash Settlement, T+1)
*Power Futures
Base-Load Electricity Futures (Cash Settlement, T+1)

The underlying assets for futures and options contracts traded at VIOP are:

Equity

Türkiye Garanti Bankası AS (GARAN)
Türkiye İş Bankası AS (İSCTR)
Akbank TAS (AKBNK)
Türkiye Vakıflar Bankası TAO (VAKBNK)
Yapı ve Kredi Bankası AS (YKBNK)
Türk Hava Yolları AO (THYAO)
Eregli Demir ve Çelik Fabrikaları TAS (EREGL)
H.O. Sabancı Holding AS (SAHOL)
Türkcell İletişim Hizmetleri AS (TCELL)
Tupras Türkiye Petrol Rafinerileri AS (TUPRS)

Index

BIST 30 Index

Currency

USD / TRY
EUR / TRY
EUR / USD

Commodity

Cotton
Wheat

Precious Metals

Fine Gold (TRY / gram)
Fine Gold (USD / ounce)

Energy

Base Load Electricity

Derivatives Market Key Statistics

Average Open Positions

	BIST30 Futures Contracts	Currency Futures Contracts	Precious Metals Contracts
2013	190,760	188,130	9,126
2014	273,201	223,638	6,617

Monthly Average Trade Value (US \$)

	BIST30 Futures Contracts	Currency Futures Contracts	Precious Metals Contracts
2013	17,131,506,608	988,830,988	208,865,445
2014	13,271,404,508	1,468,451,105	105,857,028

Maximum Daily Trade Value (US \$)

1,784,907,264

Maximum Contract Based Open Position

	BIST30 Futures	345,889
	USDTRY Futures	221,476

BIST 30 Index Futures Contract Specifications

Underlying Securities	BIST 30 Index
Contract Size	Underlying security is the 1/1000 of index values. Contract size is 100 underlying securities.
Tick Size	TRY 0.025
Contract Months	3 consecutive even months and December
Daily Price Limit	Prices may not exceed +/- 15% of previous day's settlement price.

BIST 30 Index Options Contract Specifications

Underlying Securities	BIST 30 Index
Contract Size	Underlying security is the 1/1000 of index values. Contract size is 100 underlying securities.
Tick Size	TRY 0.01
Exercise Style	European, i.e. exercisable only on the expiry day.
Contract Months	3 consecutive even months

Mini BIST 30 Index Options Contract Specifications

Underlying	BIST 30 Index
Contract Size	Underlying security is the 1/1000 of index values. Contract size is 1 underlying security.
Tick Size	TRY 0.01
Exercise Style	European, i.e. exercisable only on the expiry day.
Contract Months	3 consecutive even months

Expiry Date: Last business day of the contract month.

Last Trading Day: Last business day of the contract month.

Settlement: Cash Settlement



What do I need to do to trade at VIOP?

In order to start trading at VIOP, you must open a brokerage account. Information about our members can be found on <http://borsaistanbul.com/en/members/members-list>, for the information related to account opening you can apply to the intermediary institution you want to work with.

How can I view market data and current quotes for VIOP products?

VIOP data is available on the Borsa Istanbul website with the following link: <http://borsaistanbul.com/en/data/data/futures-and-options-market-data> And also it can be reached via data vendors using the information provided below;

Name	Web Link
Bloomberg	<ul style="list-style-type: none">• BIST30 Futures: XU030 Index CT;• BIST30 Options: XU030X Index OMON• Currency Futures: A1A Curncy CT (A2A, B2A)• Gold Futures: XLA Comdty (XLTA)• For 10 listed single stock options after selecting underlying type OMON Ex: {GARAN TI Equity OMON <GO>}
Reuters	<ul style="list-style-type: none">• O#ISTOPT: for all the listed options,• O#ISTFUT: for all the listed future contracts• For BIST 30 Index Options type O#XU030*.IS



Single Stock Futures Contract Specifications

Underlying Securities	GARAN, ISCTR, AKBNK, VAKBNK, YKBNK, THYAO, EREGL, SAHOL, TCELL, TUPRS.
Contract Size	100 shares per contract.
Tick Size	TRY 0.01 per underlying share
Contract Months	2 consecutive even months and December.
Daily Price Limit	Prices may not exceed +/- 20% of previous day's settlement price.

Single Stock Options Contract Specifications

Underlying Securities	GARAN, ISCTR, AKBNK, VAKBNK, YKBNK, THYAO, EREGL, SAHOL, TCELL, TUPRS.
Contract Size	100 shares per contract.
Tick Size	TRY 0.01 per underlying share
Exercise Style	European, i.e. exercisable only on the expiry day.
Contract Months	2 consecutive even months and December.

Expiry Date: Last business day of the contract month.

Last Trading Day: Last business day of the contract month.

Settlement: Physical delivery of the underlying security.

USD/TRY Futures Contract Specifications

Underlying Securities	USD/TRY
Contract Size	1,000 USD
Tick Size	TRY 0.0005 per USD
Contract Months	3 consecutive even months and December
Daily Price	Limit Prices may not exceed +/- 10% of previous day's settlement price.

USD/TRY Options Contract Specifications

Underlying Securities	USD/TRY
Contract Size	1,000 USD
Tick Size	TRY 0.1 per USD
Contract Months	European; i.e. exercisable only on the expiry day.
Daily Price	2 consecutive months including current month.

Expiry Date: Last business day of the contract month.

Last Trading: Day Last business day of the contract month.

Settlement: Cash settlement

Trading Hours

Normal Session Hours on Contract Basis

Contracts	Normal Session Hours	Lunch Break
Single Stock Futures and Options Contracts	09:10-17:40	12:30-13:55
Index Futures and Options Contracts	09:10-17:45	12:30-13:55
Currency Futures and Options Contracts	09:10-17:45	N/A
Gold and Electricity Futures Contracts	09:10-17:45	N/A
Commodity Futures Contracts	09:10-17:45	12:30-13:55

EUR/USD Futures Contract Specifications

Underlying	EUR/USD Parity
Contract Size	1,000 EUR
Tick Size	USD 0.0001 per EUR
Contract Months	2 quarterly months and December
Daily Price Limit	Prices may not exceed +/- 10% of previous day's settlement price.

USD/Ounce Gold Futures Contract Specifications

Underlying	Fine Gold
Contract Size	1 ounce of gold
Tick Size	USD 0.05 per ounce
Contract Months	3 consecutive even months
Daily Price Limit	Prices may not exceed +/- 10% of previous day's settlement price.

Expiry Date: Last business day of the contract month.

Last Trading Day: Last business day of the contract month.

Settlement: Cash settlement

For the specifications of the other VIOP contracts please see our website:

<http://borsaistanbul.com/en/products-and-markets/products/futures>

<http://borsaistanbul.com/en/products-and-markets/products/options>



Trading Fee

A fee based on the trading done by the members shall be collected.

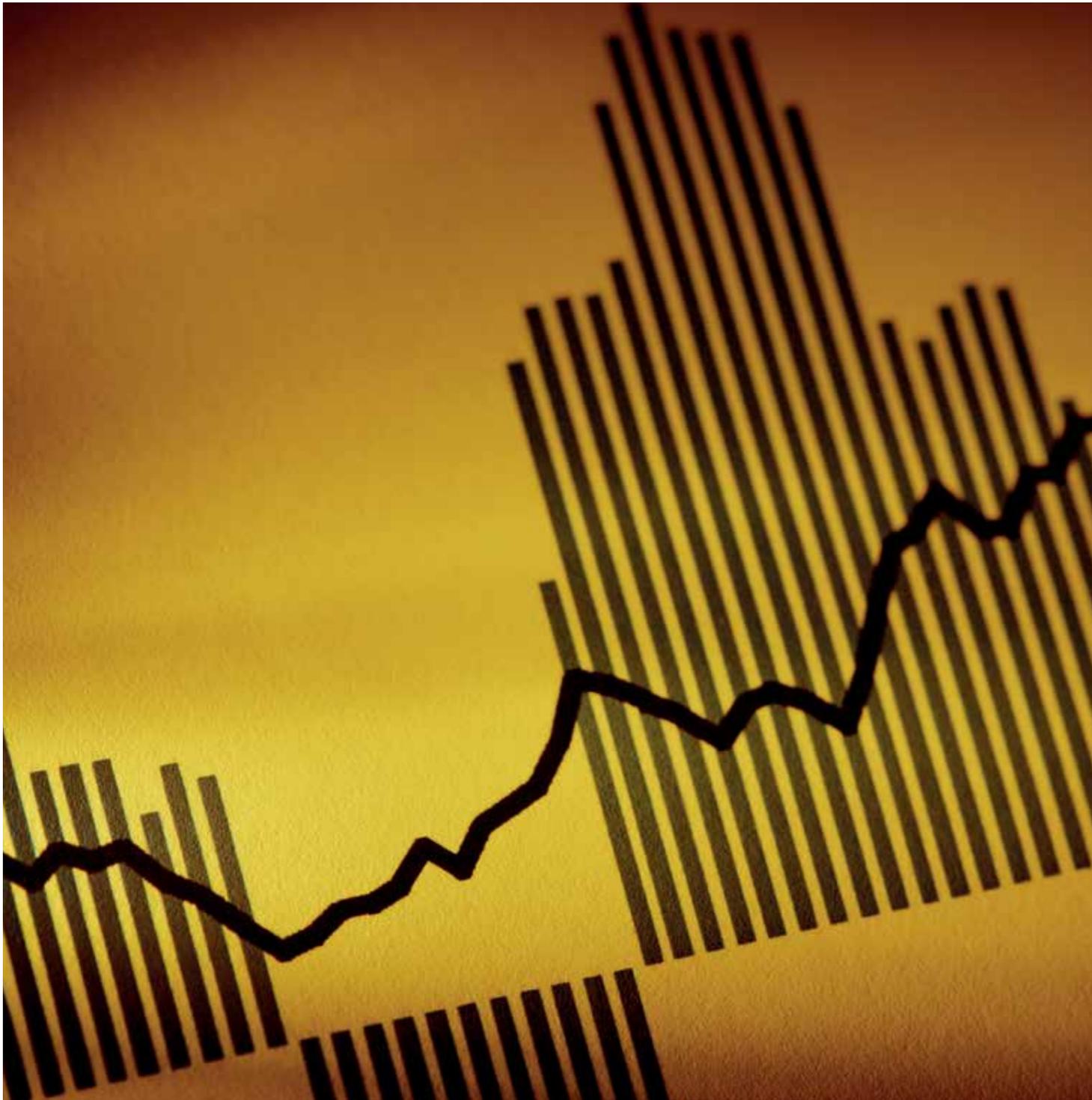
- For the contracts written on equity index, the trading fee is 0.004 % of the premium value for option contracts and the traded value for futures contracts by both parties of the trading.
- For the contracts other than equity index contracts, the trading fee is 0.003 % of the premium value for option contracts and the traded value for futures contracts by both parties of the trading.

Risk Management and Margining

Takasbank conducts risk and collateral management in the VIOP. Portfolio-based margining method is used for each account and Takasbank employs “Standard Portfolio Analysis of Risk-SPAN” algorithm for margining on portfolio basis. SPAN is a risk measurement and margining methodology, which analyses the risk that the portfolio may be exposed to the predefined 16 scenarios and calculates the required margin amount as precisely as possible. By using SPAN, the margin amount is calculated on portfolio basis in consideration of the scan risk value, intra-commodity (inter-month) spread charge, delivery month charge and inter-commodity spread credit. Therefore, the amount of margin call requested from the member is estimated in such a way in order to guarantee the settlement process of each day.

Takasbank calculates the “margin requirement” by using the open interest for the accounts and latest SPAN parameter file disclosed by Takasbank. The minimum level that margin requirement may drop as a result of losses incurred in the market or depreciation in the value of non-cash collateral is called “maintenance margin” level. When the collateral amount falls below the maintenance level, a margin call shall be made by sending messages and reporting at member terminals/screens provided by Takasbank. “Maintenance level” is a percent of the margin requirement. “Profit/loss calculations” of the positions resulting from transactions are performed by Takasbank and reported to the members through Takasbank terminals.

Regarding the Market risk management, risk rate is generated by dividing the “maintenance level margin amount calculated in accordance with the Takasbank Market CCP Procedure” to the “sum of total collateral and temporary profit/loss amount”. If the risk rate is more than 100%, the account shall be defined as “risky”. Risk level is informed by Takasbank to relevant members when they are getting closer to that level and guide them to make them risk-reducing transactions. Regarding the risky-account pre-order risk management, order entered from risky trading account is allowed to be entered in the system with a different status code and not sent to VIOP order book for matching, and instead, is sent to Takasbank to check whether it is a risk reducing order or not. Orders that increase neither the risk rate nor the margin requirement are accepted to the trading system subject to Takasbank’s approval, and if otherwise, rejected.



Clearing and Settlement at VIOP

Takasbank is the central clearing house responsible for clearing and settlement of transactions executed in Borsa Istanbul and derivatives transactions executed at Borsa Istanbul VIOP are also centrally cleared and settled by Takasbank. As of 3 March 2014, Takasbank began to provide central counterparty (CCP) services for the Market.

Takasbank is the central counterparty with the “open-offer method” for the transactions executed in the Market. It undertakes to complete the settlement and clearing operations by acting as a buyer against the seller and as a seller against the buyer. In the open-offer method, the liability of Takasbank against the parties of the transaction starts at the moment when the buy and sell orders are matched at VIOP and ends with the completion of the clearing and settlement. Takasbank, as the central counterparty, assumes the clearing and settlement obligations arising from the transactions conducted in the Market by the members in accordance with the principles and procedures specified in the related legislation. The risks that Takasbank is exposed to, arising from services that Takasbank provides as a CCP are safeguarded through collaterals, guarantee fund and capital amount allocated from Takasbank’s equity.

In the Market, the customer positions and collaterals are monitored separately from the Member’s own portfolio and collaterals. “Mark-to-market” valuation of collateral and risk management is accomplished by Takasbank. Cash in Turkish Lira (TL), convertible foreign currency, government domestic debt securities, stocks included in BIST 30 Index, mutual fund participation certificates, lease certificates issued by Asset Leasing Company (SPV) of Treasury of the Republic of Turkey and gold in the standard traded on the Exchanges are accepted as collateral.

If a new position is opened in the Market then, at least 50% of the margin requirement should comprise of cash collateral denominated in TL. With regard to non-cash collaterals, all non-cash collaterals are subject to haircuts determined by Takasbank according to the market risk of the related collaterals. “Mark-to-market” process is performed daily on related account basis. The losses that can arise due to the transactions in the market are automatically deducted on the same day (T+0) from the cash collaterals in the related accounts.

A margin call is made for the member who has cash collateral deficit or whose collateral amount fell below the maintenance margin level. At each mark-to-market batch; if the balance of any account exceeds the margin requirement amount, then the balance exceeding the required amount can be withdrawn by the member. The members are required to fulfill their margin call obligations at 15:00 of the next business day at the latest. The profits are transferred to the accounts on T+1 day till 15:00. If a member has accounts with profit receivables at the same time with other accounts that have margin call obligations, profit distribution is blocked in the amount equal to the related margin call amount and profit receivables are not paid until the obligation is fulfilled completely. The member is also not allowed to withdraw collateral from the sub-account that is subject to the margin call. The member not fulfilling its margin call obligation of the related account until 15:00 on T+1 day is deemed to be in default without requiring any further notification.

Clearing Membership and Account Types

There are two types of clearing membership: direct clearing membership and general clearing membership.

Direct clearing members are authorized to perform only the clearing and settlement transactions of themselves and/or of their clients.

General clearing members are authorized to perform the clearing and settlement transactions of other trading institutions in addition to the clearing and settlement transactions of themselves and/or of their clients.

The general and direct clearing membership classification is made by considering the amount of equity capital of the member, the adequacy of its internal systems and technical infrastructure as well as other internal rating, financial analysis and intelligence studies carried out by Takasbank.

The membership status of the general and direct clearing members may be changed by pursuing their compliance with the conditions set forth by Takasbank. In this context, a direct clearing member may be accepted later as a general clearing member or a general clearing member may also be accepted later as a direct clearing member.

Three different kinds of accounts can be opened with Takasbank; a "Trading Account", a "Depository account" and a "Trading and Depository account".

Trading Account is an account that the buying and selling transactions in the Market can be executed but no position and collateral monitoring can be carried out; and the orders and transactions are followed on this type of accounts. A trading account opened with Takasbank can only be eligible to execute transaction in the Market upon the association of this account with a depository account and the approval of this operation by the Member to whom such depository

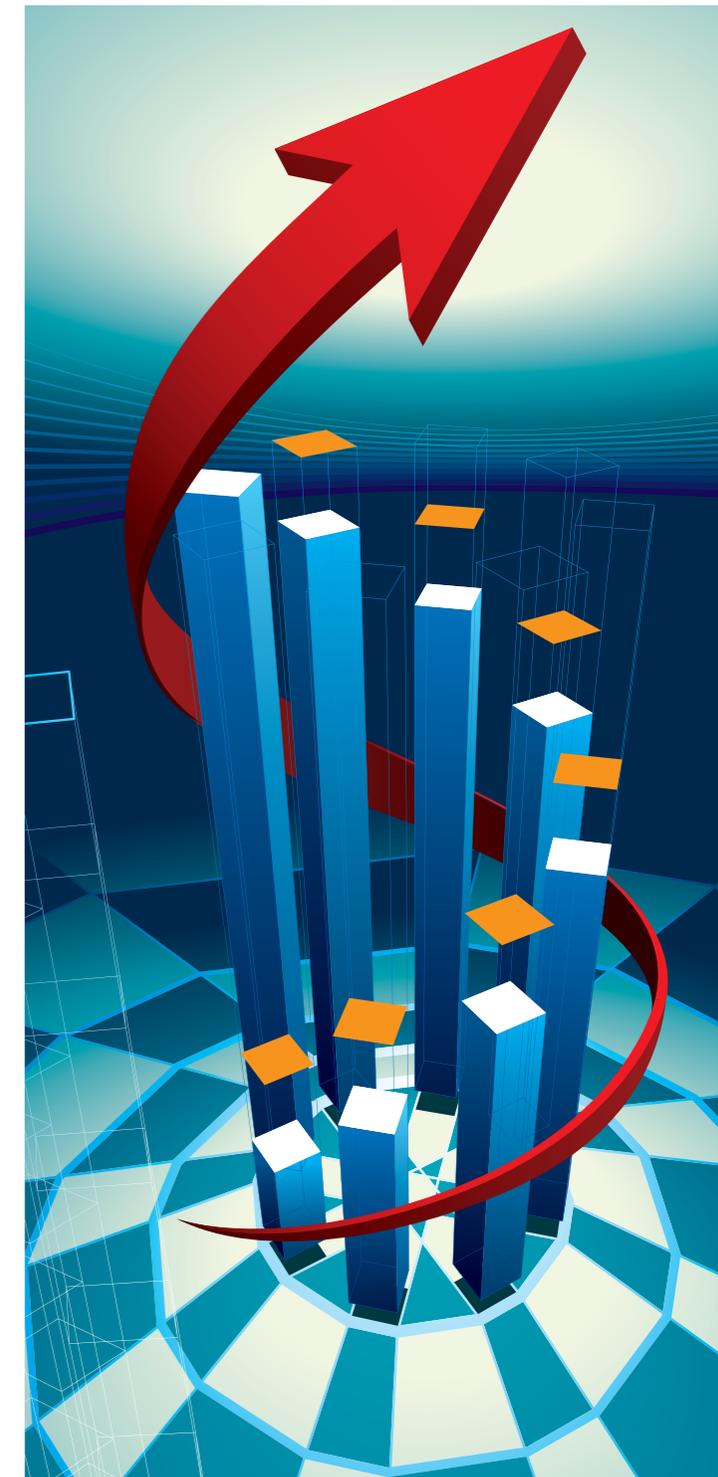
account belongs. A trading account can be associated with only one depository account.

Depository account is an account that the positions, the risks related to the positions and the collaterals can be monitored but no transaction can be conducted. A depository account can be associated with more than one trading account.

Trading and Depository account is an account where the transactions can be conducted and the positions and the risks related to such positions and collaterals are also kept and monitored.

Accounts opened with Takasbank might have four different types; "Customer Account", "Market Maker Account", "Global (Multiple-Position) Account" and "Portfolio Account". Customer Account is an account where the transactions executed by the Member with its customers are monitored. Portfolio Account, on the other hand, is an account where the transactions executed by the Member for its own portfolio are monitored. In the Market, the customer positions and collaterals are monitored separately from the Member's own portfolio and collaterals. The positions and collaterals belonging to the Member's own portfolio are monitored in a portfolio account to be opened exclusively for the members and in a linked trading and collateral account. Each member is required to have a portfolio account and only one portfolio account can be opened at most. On the other hand, among those members who are qualified as a market maker in accordance with the Exchange legislation can also open a market maker account. Market Maker Account is an account where the market makers monitor the transactions they conduct only for their own portfolio in accordance with the market making operations.

It is essential that the Members monitor the customer positions on single-position accounts to be opened in Takasbank system. On the other hand, global (multiple-position) accounts can be opened as to be limited to the transactions conducted within the scope of the portfolio management activities. The principles relating to the opening of the accounts shall be stipulated in the procedure. The collaterals related to the customer positions monitored through single-position accounts can only be used to liquidate obligations of the respective customer. Opening of the multiple-position accounts can be restricted on a member basis. The collateral obligations arising as a result of the transactions conducted over the multiple-position accounts must be covered by collaterals owned by the Member or on which the Member has the power of disposition. Collaterals deposited by the Member to the collateral accounts of such a nature that are associated with the multiple-position accounts by Takasbank shall be deemed to belong to the Member.





Precious Metals and Diamond Market

Precious Metals and Diamond Market became the newest market of Borsa İstanbul, after the merger between İstanbul Menkul Kıymetler Borsası (İMKB) and İstanbul Gold Exchange (IGE).

IGE officially began its operation on July 26, 1995. The exchange was the primary commodities and precious metals exchange in Turkey and the main authority to register gold imports. It used to canalize gold and other precious metals such as silver, platinum and palladium and precious stones to financial system, developing physically based investment vehicles and provide international integration of these instruments through sectors in Turkey. After its establishment, local gold prices became in conformity with international prices, imported gold bars were enforced to meet generally accepted global standards and fineness at the same time the system gained a more transparent structure.

Amendments made in December 1998 to the Decree No. 32 concerning the Protection of the Value of Turkish Currency made trading of silver and platinum possible at the IGE besides gold.

Non-standard gold transactions were launched in October 1999. This enabled scrap gold trading in a secure environment by eliminating counter-party risk. It also removed assaying concerns regarding non-standard bullion.

Precious Metals Lending Market started its operations on March 24, 2000 for the purpose of bringing supply and demand into an organized market, lowering the production costs of the jewelry sector and securitization of gold. In March 2008 trading rules and principles of domestically produced precious metals and non standard precious metals

were determined in accordance with the Communiqué Concerning Precious Metals Standards and Refineries and Standards of Precious Metals dated 18/11/2006.

The newly opened Diamond and Precious Stone Market was launched on April 4, 2011 to provide diamond and precious stones trading in an organized and standardized market possible in Turkey. It has 122 members consisting of 68 jewellery sector participants and 54 IGE members. By 17th November 2011, palladium was announced as precious metal regarding to the amendments made to the Decree No. 32 concerning the Protection of the Value of Turkish Currency.

Besides precious metals, buying and selling transactions of gold based Exchange Traded Funds and other funds are done in IGE's Precious Metals Market and their precious metals are stored in the Exchange vault physically.

Netting system for the collaterals of the same customer in the same value date has been put into effect as to the demands of the members. The value dates of the transactions have been extended from T+0 up to T+90 days. The collateral leverage of the transactions have been determined as 25 times for T+0, 20 times for T+1 up to T+5, 12 times for T+6 up to T+9, and 10 times for T+90 value dates.

Trading Hours

Precious metals trading 16:00 – 16:00 (starting from T+0 ending at T+1)

Sub markets

The Precious Metals and Diamond Market has three types of sub-market: Precious Metals Market includes the spot and physical trade of standard and non-standard gold, silver, platinum and palladium metals. Precious Metal Lending Market provide lending and certificate transactions of defined precious metals. Diamond and Precious Stone Market provides transactions of diamond and precious stones.

Precious Metals And Diamond Market		
Precious Metals Market	Precious Metals Lending Market	Diamond and Precious Stone Market

The legislation

The legislation of precious metals and diamond trade and Precious Metals and Diamond Market is below.

- General Regulation Concerning the Foundation and Operation Principles of Precious Metals Exchange
- Regulation Concerning the Principles of Precious Metals Exchange's Intermediary Institutions and Foundation of Precious Metals Exchange Brokerage Houses
- The Regulation of The Istanbul Gold Exchange
- The Regulation of The Precious Metals Lending Market
- The Regulation of Diamond and Precious Stone Market
- The Regulation of Principal and Rules on Disposing

The Regulation of Principal and Rules on Disposing Commodities and Real Property Owned by Banking Sector based on market transactions National and International Refineries are authorized to trade its bars, bullions and granules of gold, silver, platinum and palladium in the Precious Metals Market.

International Membership

Turkey was admitted to Kimberley Process Certification Scheme on August 14, 2007 and İstanbul Gold Exchange was authorized to conduct import and export of rough diamonds within the framework of Kimberley Process Certification Scheme. Now, Borsa İstanbul (Precious Metals and Diamond Market) became an authorized institution for the Scheme.

- İstanbul Gold Exchange was admitted to membership of World Federation of Diamond Bourses (WFDB) on May 13, 2008. After restructuring Borsa İstanbul became a member of WFDB.
- İstanbul Gold Exchange was admitted to associate membership of London Bullion Market (LBMA) on March 2008. After the merger of IMKB and İstanbul Gold Exchange, Borsa İstanbul maintained the membership.



Data Dissemination in Borsa İstanbul Markets

In addition to basic data, market depth data are disseminated by data vendors authorized by Borsa İstanbul, on a real time and/or delayed basis via data dissemination terminals, Internet (including Borsa İstanbul members' websites), TV-Teletext, TV tickers, WAP channels and other transmission means. In line with technological developments, transmission was improved and diversified and more investors are given the opportunity to access data disseminated along these pathways. The list of the data vendors is available on the Borsa İstanbul website at <http://www.borsaistanbul.com>. Market depth data dissemination enables investors to access various data on the Borsa İstanbul markets simultaneously and in a transparent environment. Market depth data dissemination is only available through authorized data vendors and through their dedicated terminals.

Statistical information as well as corporate news are also displayed on the Borsa İstanbul website. Borsa İstanbul publishes daily bulletins (also available in English), as well as promotional publications about Borsa İstanbul. All such documents are available on the Borsa İstanbul website at www.borsaistanbul.com

Public Disclosure Platform

Within the framework of CMB's "Communiqué Regarding Principles of Submitting Electronically Signed Information, Documents and Notifications to the Public Disclosure Platform", all information and documents to be publicly disclosed must be sent to the Public Disclosure Platform (PDP) which is a system using internet and electronic signature technologies. The platform was developed collectively by the CMB, Borsa İstanbul and the Scientific and Technological Research Council of Turkey and the system is operated and managed by Merkezi Kayıt Kuruluşu (Central Registry Agency)

The system is designed to allow everyone to have access to accurate, timely, fair and complete information about the traded companies over the internet simultaneously. Furthermore, PDP serves as an electronic archive which allows easy access to historical information. All notifications sent to PDP can be reached free of charge from PDP website at www.kap.gov.tr

All listed companies are required to disclose their financial statements, explanatory notes, material events and all other disclosures via Public Disclosure Platform on Internet with e-signature of their officially authorized users. In addition to listed companies and ETFs, Free Trade Platform companies, Mutual Funds, Pension Mutual Funds and Pension Mutual Funds, investment firms and investment trusts also have to submit notifications to PDP.

Independent audit companies, on the other hand, send the electronically signed financial statements for which independent audit is required, to the relevant company electronically in order to be announced to the public. Also, the announcements of the regulatory authorities such as Borsa İstanbul, CMB, Takasbank and MKK are disclosed through this platform. The system covers over 750 companies, 17 ETFs, 240 pension mutual funds and 3000 users that are authorized to submit information to the system all over Turkey.

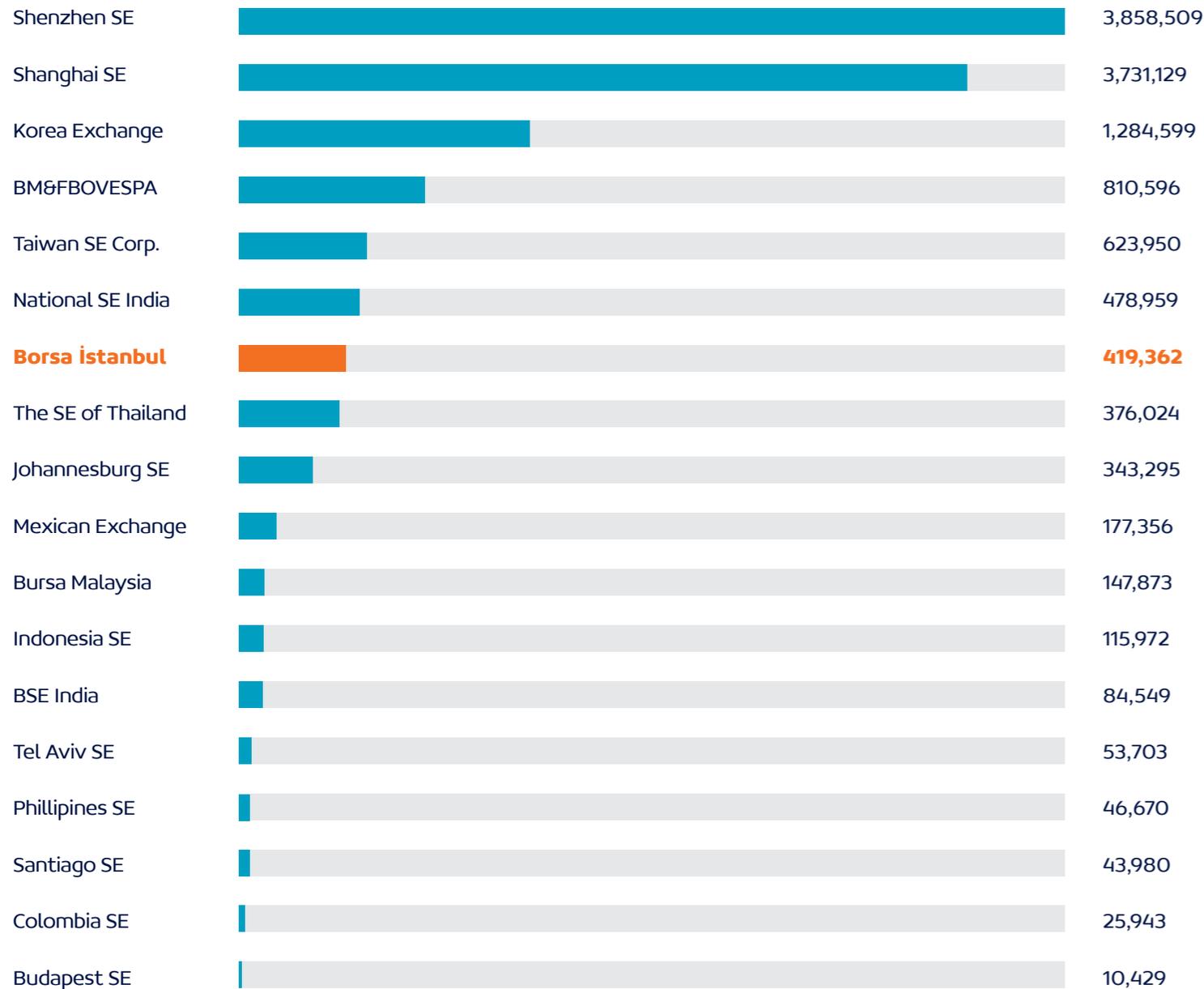
The system disseminates data on www.kap.gov.tr. Also 16 data vendors and 17 sub-vendors (websites, etc.) disseminate PDP notifications on a real time basis. Borsa İstanbul completed the first phase of the English version of the PDP. In this phase, only balance-sheets and income statements are published in English. For the rest of the notifications, the subject part is in English and the content in Turkish. Also, notification query is available for balance-sheets and income statements in English in the PDP English version page. PDP's English version may be accessed by clicking "English" at PDP website.

International Standing of Borsa İstanbul Markets

Borsa İstanbul Equity Market is among the top seven emerging markets in terms of traded value and Debt Securities Market is among the top seven global markets, as of end 2013. Borsa İstanbul continues to be a well-respected market due to its liquidity and future potential in the context of overall economic growth of the country. The new regulatory framework that has been passed as of December 30, 2012, a complete overhaul of thirty years old capital market regulatory system, sets the stage for a more competitive, efficient and transparent capital markets system for the future.

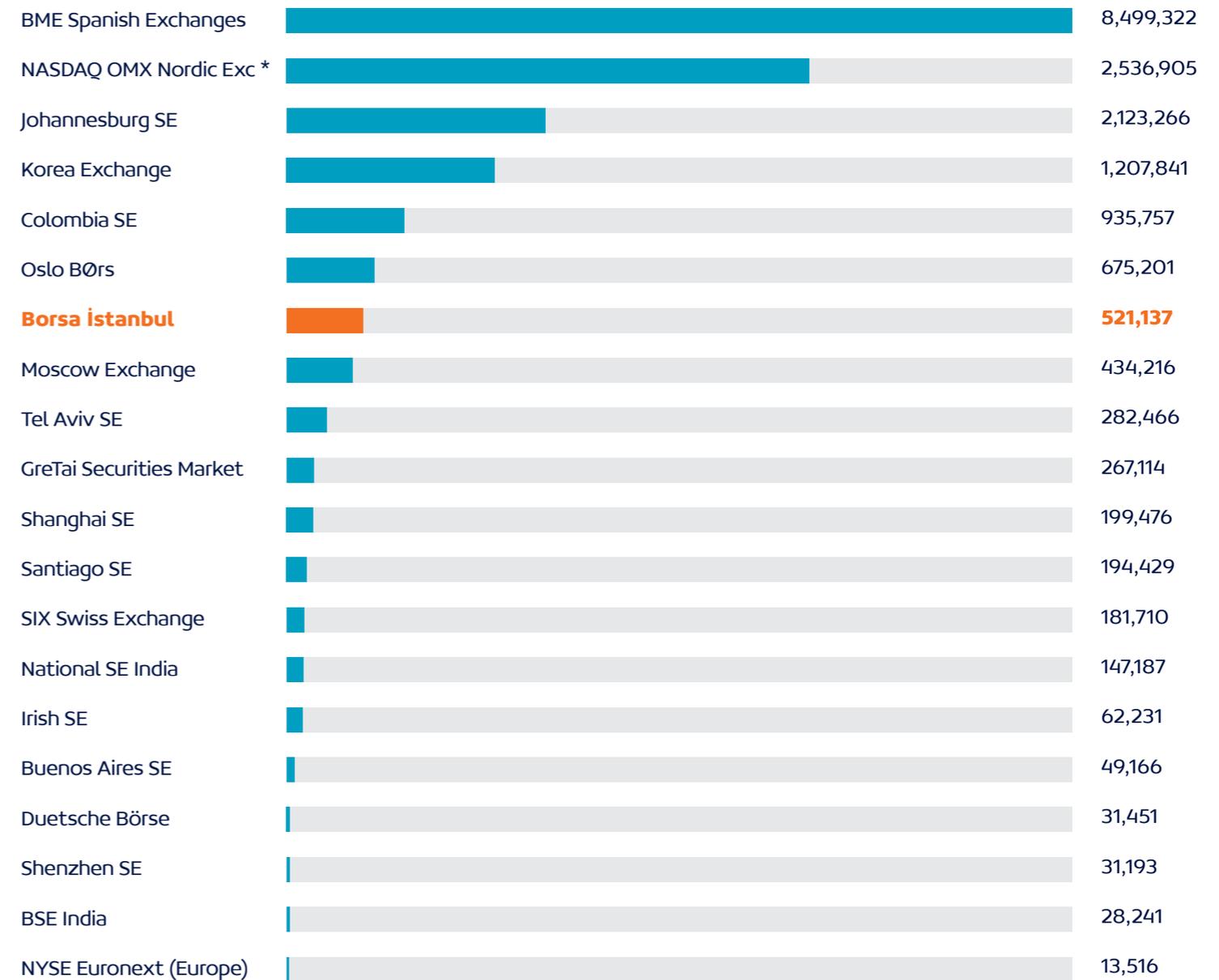


1. Value of Share Trading in Emerging Markets (end 2013, Year to Date figures, Mn USD)



Source: WFE

2. Value of Bonds Trading (end 2013 Year to Date figures, Mn USD)



Source: WFE * NASDAQ OMX Nordic Exchanges include Copenhagen, Helsinki, Iceland, Stockholm, Tallinn, Riga and Vilnius Stock Exchanges.

Borsa İstanbul is the world's 7th largest bonds market in terms of traded value as of end 2013.

2 Indices



Borsa İstanbul price indices are computed and published throughout the trading session while the return indices are calculated and published at the close of the session only.

Borsa İstanbul Equity Indices

Borsa İstanbul equity indices have been created to measure joint performances of group of equities traded on the Bursa İstanbul. Until the end of 1996, Bursa İstanbul used to compute only the BIST 100, Financials and Industrials price indices. As of 1997, Bursa İstanbul began to calculate sector and sub-sector indices on the basis of prices and total return.

BIST 100 Index is used as the main indicator of the Bursa İstanbul Equity market.

According to the classification made by the CMB in 2010 and collecting equities traded on Bursa İstanbul under 3 groups; A, B and C. Bursa İstanbul equity indices are composed of “A” and “B” listed equities. “C” listed equities that are traded on Watchlist Companies Market are not included in equity indices. Some of the equity indices are explained on the following pages:

BIST Equity Indices	Explanations
BIST 100	The index is composed of 100 companies selected amongst the companies traded on National Market and REIT and Venture Capital Investment Trust companies traded on Collective Products Market, in accordance with the predetermined criteria set by Borsa İstanbul. BIST 100 Index includes the BIST 50 and BIST 30 Index constituent companies.
BIST 100 Capped	The index is the capped version of BIST 100 Index where the maximum weight of a single constituent is limited to 10 percent.
BIST 50	The index is composed of 50 companies selected amongst the companies traded on National Market and REIT and Venture Capital Investment Trust companies traded on Collective Products Market, in accordance with the predetermined criteria set by Borsa İstanbul. BIST 50 Index includes the BIST 30 Index constituent companies.
BIST 30	The index is composed of 30 companies selected amongst the companies traded on National Market and REIT and Venture Capital Investment Trust companies traded on Collective Products Market, in accordance with the predetermined criteria set by Borsa İstanbul.
BIST 30 Capped	The index is the capped version of BIST 30 Index where the maximum weight of a single constituent is limited to 10 percent.
BIST 10 Banks	The index is composed of 10 banks traded on National Market with the predetermined criteria set by Borsa İstanbul.
BIST 100-30	The index is composed of BIST 100 index constituent companies except the constituents of the BIST 30 index (the index is calculated for 70 companies).
BIST Dividend	The index is composed of equities of the companies traded on National Market, Second National Market and REITs and Venture Capital Investment Trust companies traded on Collective Products Market and having distributed cash dividends in each of their 3 previous financial years.
BIST Dividend 25	The index is composed of 25 equities included in the BIST Dividend Index that are placed in the first 2/3 slice in the ranking in descending order according to dividend yield as of the review day and have the highest free float market value.
BIST Corporate Governance	The index is composed of the companies traded on the Bursa İstanbul markets having the necessary corporate governance rating grades which are determined according to the “Corporate Governance Principles” issued by the CMB. For a company to be included in the index, the minimum corporate governance rating grade is seven out of ten, additionally the minimum grade is six and a half out of ten for each main section.
BIST IPO	The index is composed of equities of the companies that are publicly offered and started to be traded on National Market, Second National Market and REIT and Venture Capital Investment Trust companies traded on Collective Products Market. The constituents of the index are capped at 20 percent of the total weight and are excluded from the index after two years.
BIST All Shares	The index is composed of all companies traded on Bursa İstanbul Markets except Investment Trusts.
BIST All-100	The index is composed of the BIST All Shares Index constituent companies except the constituents of the BIST 100.
BIST National	The index is composed of companies traded on the National Market.
BIST SME Industrial	The index consists of the stocks of industrial companies traded in the National Market, the Second National Market and the Emerging Companies Market and who satisfy at least one of the annual net sales or financial balance sheet size criteria appearing in the SME definition of the related ordinance of the Ministry of Science, Industry and Technology.

Sector and Sub-sector Indices

<p>BIST Industrials BIST Food, Beverage BIST Textile, Leather BIST Wood, Paper, Printing BIST Chemical, Petroleum, Plastic BIST Non-Metal Mineral Products BIST Basic Metal BIST Metal Products, Machinery BIST Mining</p>	<p>Sector and sub-sector indices are composed of the companies traded on Borsa İstanbul Markets except Investment Trusts.</p>
<p>BIST Services BIST Electricity BIST Transportation BIST Tourism BIST Wholesale and Retail Trade BIST Telecommunication BIST Sports BIST Construction</p>	<p>Sector and sub-sector indices are composed of the companies traded on Borsa İstanbul Markets except Investment Trusts.</p>
<p>BIST Financials BIST Banks BIST Insurance BIST Leasing, Factoring BIST Holding and Investment BIST Real Est. Inv. Trusts BIST Brokerage Houses</p>	<p>Sector and sub-sector indices are composed of the companies traded on Borsa İstanbul Markets except Investment Trusts.</p>
<p>BIST Technology BIST Information Technology</p>	<p>Sector and sub-sector indices are composed of the companies traded on Borsa İstanbul Markets except Investment Trusts.</p>
<p>BIST Investment Trusts</p>	<p>The index is composed of all investment trust equities traded on the Collective Products Market.</p>
<p>BIST Second National</p>	<p>The index is composed of companies traded on the Second National Market.</p>
<p>BIST City Indices Adana, Ankara, Antalya, Balıkesir, Bursa, Denizli, İstanbul, İzmir, Kayseri, Kocaeli, Konya, Tekirdağ</p>	<p>The indices are composed of companies traded on Borsa İstanbul markets categorized by the city where the main production/service or the registered office is located. Companies that operate in the financial sector with the exception of holdings and companies that operate in the retail sector are not included.</p>



Starting from January 1997, Borsa İstanbul dropped two zeros from the equity indices (i.e. BIST 100, Financials and Industrials) for simplification purposes. With the implementation, BIST 100 index value prior to and including December 27, 1996 was divided by 100 to have a January 1986 base value of 1 (one) instead of the previous 100.

Borsa İstanbul also computes and maintains all equity indices on US dollar and on Euro basis.

Apart from the Indices above, Borsa İstanbul provides an Index calculation and distribution service. Katılım Index, launched on January 6, 2011, is the outcome of such a service provided by the request of Bizim Menkul Değerler.

Borsa İstanbul Government Debt Securities Indices

Borsa İstanbul Government Debt Securities (GDS) indices are formulated in order to fulfill the requirements of members and investors as well as individuals and institutions eager to follow and analyze the changes in prices and yields of fixed-income securities, through simple and comprehensive indicators. In addition, Borsa İstanbul GDS Indices aim to provide the basis for comparison with other markets and a foundation for technical studies. GDS indices are divided into two main groups namely Price/Performance Indices and Portfolio Performance Indices.



Multi-National Indices

Greece-Turkey 30 Index (GT-30)

Greece and Turkey 30 Index (GT-30) is a customized index, created as a result of the cooperation between Borsa İstanbul, Athens Exchange (ATHEX) and STOXX Ltd., a global index provider. The Index, launched on September 28, 2009, is calculated, maintained and distributed by STOXX Ltd. and is used as an underlying for the creation of a variety of new financial products including Exchange Traded Funds (ETFs) traded on both markets, and thereby provide new investment opportunities to the investors for the equities traded on Borsa İstanbul and ATHEX, at lower costs with an aim to facilitate cross border access between the two markets.

GT-30 is composed of a total of 30 constituents, 15 from each market, based on their full market capitalization in descending order. The Index is reviewed biannually (March, September) as to its composition and quarterly (March, June, September and December) regarding capping factors.

Price and Return Indices are available for GT-30, and in two different currencies, EUR and TL. Dissemination frequency of Price Indices is real time at 15-seconds intervals, whereas data on Return Indices are disseminated at the end of the day. Data are delivered to data vendors by STOXX Ltd. over CEF Feed (Deutsche Börse system)

The first ETFs tracking the return of the GT-30 were launched in Turkey and Greece concurrently on November 3, 2010. These new products are the first multimarket ETFs and through this new investment vehicle, investors gain access to the largest stocks of Greek and Turkish markets simultaneously, with ease.

For more information, please visit:
http://www.stoxx.com/indices/index_information.html?symbol=GT30P

The Dow Jones FEAS Indices

The Dow Jones FEAS indices were launched in June 2009. Three indices, one composite (Dow Jones FEAS Composite Index) and two regional sub-indices (Dow Jones FEAS Middle East/Caucasus Index and Dow Jones FEAS South East Europe Index), measure the performances of companies across Euro-Asian region. They are all designed to underlie index-linked investment products such as funds and structured products. In addition to float-adjusted market capitalization, components are selected on the basis of readily available prices. The indices are calculated and disseminated in EUR and USD and weighted by float-adjusted market capitalization.

Dow Jones FEAS Titans 50 Equal Weighted Index began to be calculated on November 2, 2011. The calculation of Dow Jones FEAS Middle East/Caucasus Index, South East Europe Index and Composite Index started on December 31, 2004 (base date) with a start value of 100 point (base value). For FEAS Titans 50 Weighted Index, back-tested historical data have been calculated daily back to December 31, 2004, the date at which the index base value was set at 1000. Dow Jones FEAS Indices are rebalanced quarterly when additional FEAS member exchanges are added.

For more information please visit
<http://www.djindexes.com>

S&P/OIC COMCEC 50 Shariah Index

S&P/OIC COMCEC 50 Shariah Index, a joint index of the Organization of the Islamic Cooperation (OIC) Member States' Stock Exchanges Forum and S&P Indices, comprising 50 tradable and liquid stocks from 19 OIC Markets. The Index was launched on June 22, 2012 in Istanbul and started being disseminated on June 25, 2012. As of end 2013, financial products based on the index are yet to be developed to make the index tradable.

Borsa İstanbul, together with OIC member exchanges and S&P, is working towards promotion of the index to encourage development of such products by investment companies.

Stocks eligible for the S&P/OIC COMCEC 50 Shariah Index are selected in accordance with Shariah compliance screenings as determined by the S&P Shariah Indices Methodology. In addition, stocks must have a minimum three-month average daily value traded of US \$1 million at each rebalancing reference date. To ensure diversification, at least one stock but no more than eight, from each country or territory must be included in the Index.

Additionally, at each quarterly rebalancing, no stock can have a weight in excess of 5% and no country can have a weight in excess of 20%. The Index is designed to measure the performance of fifty leading shariah-compliant companies from the member states of OIC, namely, Bahrain, Bangladesh, Cote d'Ivoire, Egypt, Indonesia, Jordan, Kazakhstan, Kuwait, Lebanon, Malaysia, Morocco, Nigeria, Oman, Pakistan, Qatar, Saudi Arabia, Tunisia, Turkey and the United Arab Emirates.

For more information, please visit
<http://eu.spindices.com/indices/equity/sp-oic-comcec-50-shariah>

IBTX (Istanbul Traded Index) and IBTX Banking

Borsa İstanbul and Wiener Börse launched the IBTX (Istanbul Traded Index) and IBTX Banking on October 1, 2012. The IBTX is calculated based on the prices of the twenty most actively traded shares of Borsa İstanbul. The IBTX Banking index consists of the most liquid Turkish banking stocks. Both indices can be used as a benchmark and underlying for standardized derivatives (futures and options) as well

as an underlying for structured products (warrants, index certificates and ETFs). Investors have already demonstrated keen interest, especially in the IBTX: as of April 2014, there are 2 Austrian banks (Erste Bank and Raiffeisen Bank) who issued certificates (open-end maturities) linked to IBTX indices (IBTX and IBTX Banking indices denominated in EUR).

The IBTX is calculated in total return and net total return terms. All indices are capitalization-weighted indices and are computed in EUR, USD and TL. The starting value was fixed at 1,000 index points as of 3 January 2011. The calculation parameters are reviewed on a quarterly basis and the composition of the index is reviewed and adjusted as necessary semiannually.

For more information, please visit:
<http://en.indices.cc/indices/details/ibbe/price/>



3

Corporate
Governance

decided to constitute a special index for companies that have a corporate governance grade and determined the basic rules of Borsa İstanbul Corporate Governance Index on March 10, 2004.

Borsa İstanbul Corporate Governance Index is composed of the Borsa İstanbul traded companies with corporate governance rating grades determined according to the Principles. The minimum corporate governance rating grade is 7 out of 10, additionally the minimum grade is 6.5 out of 10 for each main section.

Borsa İstanbul Corporate Governance Index started to be calculated on August 31, 2007 with the beginning value of 48,082.17, when the number of eligible companies reached 5. As of April 2014, the number of companies included in the Corporate Governance Index reached 47.

The first set of Corporate Governance Principles was published in July 2003. The principles were determined by a joint commission which included CMB, Borsa İstanbul and the Turkish Corporate Governance Forum experts. CMB revised the principles in February 2013 and a new set of Corporate Governance Principles issued by CMB. Accordingly, all companies listed on Borsa İstanbul excluding companies listed on Emerging Companies Market and Watchlist Companies Market, are subject to mandatory implementation of certain Corporate Governance Principles.

In order to encourage the listed companies to comply with the corporate governance principles, the Executive Council

4

IPO
in Turkey

Initial public offering (IPO) is defined as the sales of equities to several and unknown investors through a call and announcement. The method of public offering of company equities may vary subject to a number of conditions. Companies may choose to offer part of the equities representing the existing capital through sales of existing shares or to increase capital, restricting the pre-emptive rights of existing shareholders, or to apply both methods concurrently. IPOs between 2004-2013 are shown in the below table;

Number and Value of IPOs in Turkey

	Number of IPOs	Value of IPOs (in US \$ terms)	Foreign Investors Participation in IPOs (in US \$ terms)	Share of Foreign Investors in IPOs (%)
2004	12	482,575,185	181,605,844	38
2005	9	1,743,964,256	1,618,853,108	93
2006	15	930,501,524	496,144,397	53
2007	9	3,298,307,170	2,250,991,077	68
2008	2	1,876,834,333	1,146,360,759	61
2009	1	6,908,183	-	-
2010	22	2,104,017,741	924,334,082	44
2011	27	841,902,207	365,669,555	43
2012*	27	2,873,307,989	2,033,389,535	71
2013**	19	2,340,102,063	1,765,966,190	75

(*) T. Halk Bankası A.Ş.'s USD 2,521,163,726 worth SPO is included.

(**) Emlak Konut GYO A.Ş.'s USD 1,585,365,854 worth SPO is included.

Moreover, in order to attract new companies, Borsa İstanbul made amendments in its regulations so as to allow the trading of companies which are registered with the CMB. There is a potential of over 200 companies that can be traded on the Borsa İstanbul Equity Market in this context.

Preparation Of an IPO

In order for a company's shares to be listed in Borsa İstanbul, the prospectus detailing the offering has to be approved by the CMB and subsequently its shares has to be listed/registered with the relevant Borsa İstanbul market.

Listing/registration with the Exchange denotes that the company shares are accepted for trading in the relevant market on a condition that they comply with all the requirements of that market, as well as Borsa İstanbul.

Processes of preliminary preparation prior to the application of companies to our Exchange and the Capital Markets Board could be outlined in the following:

Constitution of an Internal IPO Task Force

Since a company's shares to be publicly offered and subsequently traded in the Exchange depend on various procedures, which need to be completed internally or through external Professional assistance, it is crucial to constitute a task force within the company to handle the public offering application. Ideally, such a task force should be comprised from finance and public relations experts, as well as, mid-level management from relevant departments of the company. In order to ensure a smooth application process, this task force has to itemize each and every procedure, prior to officially applying before the CMB and Borsa İstanbul.

Selection of the Brokerage House

In order for a company's shares to be offered publicly, the applicant company has to enter into an agreement with a brokerage/investment house. However, the brokerage/investment house selected by the applicant company is

required to be recognized by the CMB. The list of approved brokerage/investment houses could be found on <http://borsaistanbul.com/en/members/members-list>. A company may either choose to sign an agreement with only one brokerage/investment house or –largely depending on the size of the IPO- opt for a consortium to take advantage of the syndicated efforts of several brokerage houses. In a consortium, at least one of the brokerage houses has to be identified as the “leader” of the consortium. The agreement between a company and brokerage/investment house(s) typically includes the rights and responsibilities of both parties, whether or not there will be an undertaking option and how it will be carried out, as well as, the IPO method and other relevant fundamentals.

In an IPO, brokerage/investment houses employ either of the following methods:

- 1- Best Effort
- 2- Broker Undertaking
 - a) Undertaking of the remaining balance
 - b) Undertaking of the entire balance
 - c) Partially undertaking of the remaining balance
 - d) Partially undertaking of the entire balance

In addition, to be in compliance with the related CMB communiqué (No: VII-128.1), a brokerage/investment house has to assure that it will undertake:

- a) The entire unsold amount, if the market value of the shares offered is below TL 20,000,000;
- b) The entire unsold amount up to TL 20,000,000, and half of the remaining unsold amount, if the market value of shares offered is between TL 20,000,000 and TL 40,000,000

assessed using the initial public offer price .





Preparation of Financial Statements and the Selection of an Independent Auditor

All companies applying for an IPO are required to prepare their financial statements in accordance with the capital markets regulations and have these statements audited by an independent audit firm. Therefore, an applicant company is required to select an independent audit firm and sign an audit contract.

Ordinance of the General Assembly and the Amendment of the Articles of Association

Upon deciding on an IPO, a company should make amendments on its Articles of Association document in order to comply with the capital markets regulations, and submit these proforma amendments to the CMB. If there are any clauses in the Articles of Association that limit the circulation and transfer of the shares to be traded in the Exchange, and/or prevent shareholders from exercising their rights, they should be removed. The company has to ensure that each clause in the Articles of Association document is in compliance with the capital markets regulations. In the case that an IPO will be commenced via an increase in capital, the General Assembly of the company has to ratify a decision stating the company will increase its capital and limit the pre-emptive purchase rights of its existing shareholders via an ordinance in order to comply with the Turkish Commercial Code.

IPO Price Determination

Price-setting process is considered to be a crucial stage in an IPO application. The IPO price is not only dependent with the internal dynamics of the company, but it is also affected by external conditions, often uncontrolled by the company. Establishing a realistic offer price highly correlates with the success of the IPO, as well as the post-IPO stock performance. The offer price is determined by the brokerage/investment houses and therefore neither Borsa İstanbul nor the CMB intervene in this process.

In the case the offer price established is higher than either of the estimated price of Borsa İstanbul and the nominal value of the shares, a “price evaluation report” prepared by the active brokerage/investment house, which includes the price and the calculation methodologies allocated in determining it has to be published in the Public disclosure Platform (PDP) website (www.kap.gov.tr) at least three days before the inception date of the public offering. This report could be examined by other brokerage/investment houses and their findings/analyses could also be published at the PDP website

Preparation of Documents Required in the Application

The applicant company and/or the brokerage/investment house commissioned by the company is expected to begin deliberating with the relevant authorities of Borsa İstanbul and the CMB in the preliminary phases of the IPO process. All the documents required by the Exchange are itemized in the relevant clause of Borsa İstanbul Listing regulations (Clause No: IX), which could be viewed at <http://www.borsaistanbul.com/en/products-and-markets/regulations/by-laws>. Although the documents requested are asked, and therefore submitted, within a general framework, supplementary documentation could be requested from the applicant company, depending on its business activities and industry. All pertinent documents submitted have to be furnished with the official stamp/seal of the issuing entity.

Borsa İstanbul has supported numerous social and cultural programs indicating the importance that Borsa İstanbul attaches to social responsibility.

Borsa İstanbul Schools

In 1997, Borsa İstanbul set up the Education Fund and earmarked USD 116,000,000 to the Fund from its own resources within the scope of financial support for “Contribution to National Education Project-EFİKAP”. Ever since then, the Fund supplied a continuous flow of resource to the improvement of education nationwide.

On the basis of the eight protocols signed between Borsa İstanbul and the Ministry of National Education from 1998 to date, the donations for the construction of educational institutions in 238 districts of 74 cities have reached to USD 1,000,000,000.

During the whole phases of the Project, 415 fully functional and equipped educational institutions have been constructed including, but not limited to university faculty buildings, administrative buildings, social facility centers, public training centers, primary schools, high schools, apprenticeship schools, boarding schools, vocational high schools, dormitories, mass-housing, sports and cultural centers.

It is estimated that schools sponsored by Borsa İstanbul have served approximately 650,000 students including those graduated since the project’s inception.

Borsa İstanbul’s invaluable initiative contributes not only to formation of educated manpower but also to observable increase in awareness of capital markets for those who are a part of the Project.

Sustainability Platform

Borsa İstanbul initiated the establishment of a “Sustainability Platform”, which brings together the non-governmental organizations working on sustainability, supporting the sustainable development target, the related initiatives and stakeholders in 2013. Sustainability Platform aims to continue to work towards its targets and strengthen Turkey’s position with regard to sustainability as a result of the joint efforts of all stakeholders.

United Nations’ Global Compact

Borsa İstanbul joined United Nations Global Compact, world’s largest corporate citizenship initiative, in 2005. Global common virtues such as environmental and ecological friendly projects, labor and human rights, anti-corruption and transparency are the core values of Global Compact and these values are completely consistent with corporate values of Borsa İstanbul. Accordingly, Borsa İstanbul discloses annual Communication on Progress (COP) report to UN Global Compact. COP captures activities of Borsa İstanbul with regards to socially responsible principles set out by UN Global Compact.

United Nations’ Principles on Responsible Investment

The United Nations-supported Principles for Responsible Investment (PRI) Initiative is an international network of investors working together to put the six principles for responsible investment into practice. Its goal is to understand the implications of sustainability for investors and support signatories to incorporate these issues into their investment decision making and ownership practices. Borsa İstanbul became a signatory to the PRI Initiative under the category of “Professional Service Partner” on January 21, 2010.

Six principles of responsible investment are as follows:

- Incorporation of ESG (environmental, social and governance) issues into investment analysis and decision-making processes
- Becoming active owners and incorporating ESG issues into ownership policies and practices
- Seeking appropriate disclosure on ESG issues by the entities to be invested
- Promoting acceptance and implementation of the principles within the investment industry
- Working together to enhance effectiveness in implementing the Principles
- Reporting on activities and progress towards implementing the Principles

Sustainable Stock Exchanges Initiative - SSE

Sustainable Stock Exchanges Initiative, formed by the United Nations in 2009, with the initiative of the United Nations Conference on Trade and Development (UNCTAD), United Nations Principles on Responsible Investment (UNPRI), Global Compact, and United Nations Environment Programme Finance Initiative (UNEPFI) is a platform for exploring how exchanges can enhance sustainable development and benefit from each other’s experience. Borsa İstanbul is one of the first exchanges to support SSE, since 2012.

Borsa İstanbul Sustainability Index

Sustainable development is defined as “the development that meets the needs of the present without compromising the ability of future generations to meet their own needs.” From a stock exchange perspective, it refers to the actions to be taken or principles to be followed by corporations. Stock exchanges have the potential to contribute to sustainability agenda in a substantial way. Globally, stock exchanges are developing arrangements to encourage listed companies to disclose their sustainability practices and the risks they might face with regard to sustainability issues, while also making decisions to strengthen transparency, and to create awareness on sustainability.

Borsa İstanbul has signed a cooperation agreement with Ethical Investment Research Services Limited (EIRIS) in October 2013 to create BIST Sustainability Index which is based on the performances of the companies on environmental, social and governance issues. EIRIS will assess the Borsa İstanbul listed companies based on the international sustainability criteria and the companies which perform better than the threshold will be included in the Index.

Borsa İstanbul firmly believes that in today’s world remaining keen on environmental, social and government performance is necessary for long term success of Turkish companies. Borsa İstanbul Sustainability Index Project is currently in progress and the Index will be launched in 2014. Thanks to efforts to realize this project, Borsa İstanbul expects to provide a platform for institutional investors to demonstrate their commitment to companies managing environmental, social and governance issues with high performance.

6

International Memberships and Recognitions

Borsa İstanbul Memberships

World Federation of Exchanges, WFE

International Capital Market Association, ICMA

Federation of Euro-Asian Stock Exchanges, FEAS

International Organization of Securities Commissions, IOSCO

Financial Information Services Division, FISD

Islamic Financial Services Board, IFSB

Federation of European Securities Exchanges, FESE

International Islamic Financial Market, IIFM

Extensible Business Reporting Language, XBRL

Intermarket Surveillance Group, ISG

Financial Information Exchange, FIX

Association of Futures Markets, AFM

Futures Industry Association, FIA

World Federation of Diamond Bourses, WFDB

the London Bullion Market Association, LBMA

World Economic Forum, 2014

International Recognitions received by Borsa İstanbul

U.S. Securities and Exchange Commission, SEC

The Japan Securities Dealers Association, JSDA

Austrian Ministry of Finance

International Initiatives supported by Borsa İstanbul

Sustainable Stock Exchanges Initiative, SSE

United Nations Global Compact

United Nations Principles of Responsible Investment, UNPRI





BORSA İSTANBUL

Benchmark for Investment



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