Document	Type	Announcement
	No	2020/57
	Subject	Launch of Flexible USD/TRY Futures Contracts Creation and Trading of USD/Ounce Gold Futures Contracts in After Hours Session and changes regarding the Derivatives Market Procedure
	Apr. Date	17/09/2020
	From	Borsa İstanbul Derivatives Market (VIOP)
	To	VİOP Members, Data Vendors and Independent Software Vendors (ISVs)

To Whom It May Concern,

Reference: Announcement dated August 14, 2020 and numbered 2020/52.

With the referenced document, it is announced that all technical preparations for flexible contract creation functionality in USD/TRY Futures and trading of USD/Ounce Gold Futures Contracts in After Hours (Evening) Session at Borsa Istanbul Derivatives Market are completed and going to be introduced as of September 18, 2020 if there is no obstacle during the ongoing tests and in the final process.

During the tests with the market participants, no obstacle has been detected for the launch of above mentioned features. Therefore, they will be launched as of September 18, 2020 as planned.

Furthermore;
- Borsa İstanbul A.Ş. Derivatives Market Procedure will be updated with the information regarding the Market-Wide Circuit Breaker System (MWCB System) which is announced with the document dated August 7, 2020 and numbered as 2020/50.
- Application period for erroneous trade cancellation will be extended to 30 minutes from 15 minutes after the trade is executed and last application time is set to 18: 30. Minimum loss amount for erroneous trade cancellation is determined as TRY 50,000 for applications after 17:30.
- Changes shown in the attachment will be made in the Market Making programme including "to be broadly authorized intermediary institution" for market maker members.
- Derivatives Market Procedure will be updated with explanatory information for the trading sessions of VIOP_DURDURMA_EI and VIOP_DURDURMA_EI_AS.

In this regard, changes in the attachment is going to be effective as of September 18, 2020. Updated version of Derivatives Market Procedure 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.

Yours Sincerely,

Ali ÖMÜRBEK
Executive Vice President

Attachment: Changes in Borsa İstanbul A.Ş. Derivatives Market Procedure (9 pgs).

Attahcment: Changes in for Borsa İstanbul A.Ş. Derivatives Market Procedure

OLD TEXT	NEW TEXT
SECTION TWO **PRINCIPLES REGARDING THE CONTRACTS** … **5.3. Contract Codes** Flexible contracts which are created by Exchange members by altering expiry and/or strike price parameters of existing contracts with predefined constrains, coded as follows:	**SECTION TWO** **PRINCIPLES REGARDING THE CONTRACTS** … **5.3. Contract Codes** Flexible contracts which are created by Exchange members by altering expiry day and strike price parameters of existing contracts with predefined constrains, are coded follows:

Table 4: Code For Flexible Option Contracts (OLD TEXT)

Code	Explanation
TM_O	Flexible Option Contract
XU030	Underlying Asset Code
E	Exercise style (A: American-The contractual right can be used on any date until or on expiry date, E: European-The contractual right can be used on expiry date)
250419	Expiration Date (Ex. 25 April 2019)
C	Option class (C: Call option P: Put option)
1235.00	Strike price

Table 4: Code For Flexible Option Contracts (NEW TEXT)

Code	Explanation
TM_O	Flexible Option Contract
XU030	Underlying Asset Code
E	Exercise style (A: American-The contractual right can be used on any date until or on expiry date, E: European-The contractual right can be used on expiry date)
250419	Expiration Date (Ex. 25 April 2019)
C	Option class (C: Call option P: Put option)
1235.00	Strike price

OLD TEXT:

Flexible contract codes, subjected to corporate action adjustment, may have additional information such as N1, N2, N3 etc. indicating that the contract is non standart.

NEW TEXT:

Flexible future contracts which are created by Exchange members altering expiry day parameter of existing contracts with predefined limits set by the Exchange are coded as follows:

Table 5: Code For Flexible Future Contracts

Code	Explanation
TM_F	**Flexible Future Contract**
USDTRY	**Underlying Asset Code**
261020	**Expiration date (Ex. 26 October 2020)**

	Flexible contract codes, subjected to corporate action adjustment, may have additional information such as N1, N2, N3 etc. indicating that the contract is non standart.
6. Flexible Contracts	**6. Flexible Contracts**
Flexible option contracts can be created through an existing contract by trading workstation (TW) users authorized as chief broker and FixAPI users in Normal Session. Expiration date and strike price of flexible contratcs are defined by users within the limits defined in contract specifications (Attachment-1). Strike prices of flexible option contracts can be defined as out of standard strike price ticks for option contracts provided that being compatible with the same strike price decimal of the related instrument class.	Flexible option **and/or future** contracts can be created through an existing contract by trading workstation (TW) users authorized as chief broker and FixAPI users in Normal Session. Expiration date and**/or** strike price of flexible **future and/or option** contratcs are defined by users within the limits defined in contract specifications (Attachment-1). Strike prices of flexible option contracts can be defined as out of standard strike price ticks for option contracts provided that being compatible with the same strike price decimal of the related instrument class.
It is not allowed to create flexible contracts with the same expiration date and strike price of an already opened contract. Expiration date and strike price, defined as flexible contract, may be determined as standart expiration date and strike price in case the necessary conditions occur. In this case participant defined flag on the series is removed but contract code and ISIN is not changed.	It is not allowed to create flexible **option** contracts with the same expiration date and strike price of an already opened contract **or flexible future contracts with the same expiration date**. Expiration date and strike price, defined as flexible contract, may be determined as standart expiration date and strike price in case the necessary conditions occur. In this case participant defined flag on the series is removed but contract code and ISIN is not changed.
7. Contracts that are Traded at Evening Session	**7. Contracts that are Traded at Evening Session**
Index futures (BIST 30, BIST Liquid Banks and BIST Liquid 10 Ex Banks) are traded at Evening Session.	Index (BIST 30, BIST Liquid Banks and BIST Liquid 10 Ex Banks) **and USD/Ounce Gold futures** are traded at Evening Session.
SECTION THREE **PRINCIPLES REGARDING TRADES**	**SECTION THREE** **PRINCIPLES REGARDING TRADES**
… **16. Suspension of trading in a contract** In the event of the suspension of the underlying asset in the System, the contracts based on the related underlyings may be suspended upon the resolution of General Manager. Despite that the principle is to keep the relevant contracts trading while the	… **16. Suspension of trading in a contract** In the event of the suspension of the underlying asset in the System, the contracts based on the related underlyings may be suspended upon the resolution of General Manager. Despite that the principle is to keep the relevant contracts trading while the

the underlying asset continues to trade, General Manager may decide on suspension of contracts independent from the underlying asset. Besides, resume time of the contracts may be different from that of the underlying asset depending on the General Manager's decision.

General Manager may suspend trading contracts temporarily for a maximum period of one month in case the provisions of Article 25 of Regulation applies. Board of Directors is authorized to decide on suspensions exceeding one month. The reason of the suspension and timing of re-starting to trade for the relevant contracts is announced via KAP. General Manager may delegate his powers to the appointed Deputy General Manager(s).
…

16.1. Trading halt After Market-Wide Circuit Breaker System Activation

In case of Market-Wide Circuit Breaker System (MWCB System) activation in Equity Market, trading of contracts based on equities and equity indices in Derivatives Market will halt temporarily for 30 minutes. In this period, orders for related contracts can be cancelled and/or inactivated but cannot be amended.

If MWCB is triggered in Equity Market 60 to 30 minutes before the end of the continuous trading session, trading of contracts based on equities and equity indices in Derivatives Market restart with VIOP_SUREKLI_MZYD continuous session (currently at 18:08 pm).

If the MWCB is triggered within 30 minutes before the end of the continuous trading session in Equity Market, the trading of contracts based on equities and equity indices will halt temporarily and will not restart

19. Trade cancellation

19. Trade cancellation b) All requirements stated below shall be fulfilled in time of cancellation request since erroneous trade/trades may be subject to cancellation. i. Application Period For Erroneous Trade Cancellation: Application for erroneous trade cancellation can be made within ~~15~~ minutes from the time the trade is executed. … iv. Minimum Loss Amount Generated As A Result of Trade/Trades Which Is/Are Subject To Cancellation: Minimum loss amount calculated by comparing reference price and prices of trade/trades subject to erroneous trade cancellation shall be TRY 5,000. …	b) All requirements stated below shall be fulfilled in time of cancellation request since erroneous trade/trades may be subject to cancellation. i. Application Period For Erroneous Trade Cancellation: Application for erroneous trade cancellation can be made within ~~15~~ **30** minutes from the time the trade is executed. **Deadline of application for trade cancellation is 18:30.** … iv. Minimum Loss Amount Generated As A Result of Trade/Trades Which Is/Are Subject To Cancellation: Minimum loss amount calculated by comparing reference price and prices of trade/trades subject to erroneous trade cancellation shall be TRY 5,000 **for applications before 17:30 and TRY 50,000 for applications made at 17:30 and after.** …
SECTION SIX **PRINCIPLES ON SPECIAL APPLICATIONS** **41. General provisions on market making** Market makers are institutions that are authorized by the General Manager ~~in accordance with the criteria set out in this Implementing Procedure and Principles~~ and whose performance is periodically assessed in this area in order to ensure that the market works honestly, regularly and effectively in the contracts they are responsible for and to encourage the formation of a liquid and continuous market. General Manager is authorized to decide in which contracts the market making system shall be implemented or abolished.	**SECTION SIX** **PRINCIPLES ON SPECIAL APPLICATIONS** **41. General provisions on market making** Market makers are institutions that are authorized by the General Manager and whose performance is periodically assessed in this area in order to ensure that the market works honestly, regularly and effectively in the contracts they are responsible for and to encourage the formation of a liquid and continuous market. General Manager is authorized to decide in which contracts the market making system shall be implemented or abolished.

General Manager may designate different market making systems on the basis of session, contract, instrument class, instrument type, instrument group or market maker in accordance with limitations to market makers' position limits, daily trading limits, minimum order sizes, maximum amount of difference between buy and sell quotes and/or spread, time to expiry, contracts that market makers are responsible for and other variables regarding number of open interest to be carried and other similar criteria.

An institution may be a market maker in more than one contract. Also, there may be more than one market maker for a contract. General Manager may restrict the number of market makers on the basis of contract, instrument class, instrument type and/or instrument group.

~~Minimum capital requirement for market maker application is determined as TRY 5 million for gold contracts and TRY 10 million for all other contracts.~~

42. Market maker application conditions and documents to be issued to the Exchange

Applicants for market making must meet the following minimum requirements:

a) ~~To have the financial criteria specified in this Implementing Procedure and Principles,~~
b) All kind of systems and technical infrastructure are completed,
c) Signing Market Making Commitment Letter which is atteched to the Appendix-8 and covering the general obligation of the market makers.

Market makers that meet minimum requirements must submit the following documents to the Exchange along with the application.

General Manager may designate different market making systems on the basis of session, contract, instrument class, instrument type, instrument group or market maker in accordance with limitations to market makers' position limits, daily trading limits, minimum order sizes, maximum amount of difference between buy and sell quotes and/or spread, time to expiry, contracts that market makers are responsible for and other variables regarding number of open interest to be carried and other similar criteria.

An institution may be a market maker in more than one contract. Also, there may be more than one market maker for a contract. General Manager may restrict the number of market makers on the basis of contract, instrument class, instrument type and/or instrument group.

42. Market maker application conditions and documents to be issued to the Exchange

Applicants for market making must meet the following minimum requirements:

a) **To be broadly authorized within the framework of the relevant regulations of the Board for intermediary institutions,**
b) All kind of systems and technical infrastructure are completed,
c) Signing Market Making Commitment Letter which is atteched to the Appendix-8 and covering the general obligation of the market makers.

Market makers that meet minimum requirements must submit the following documents to the Exchange along with the application.

a) "Market Maker Application Form" (Appendix-9) with the official letter indicating the wish to be a market maker addressed to the Exchange,
b) "Market Making Commitment Letter"

a) "Market Maker Application Form" (Appendix-9) with the official letter indicating the wish to be a market maker addressed to the Exchange,
b) "Market Making Commitment Letter"

Market Makers, demanding Market Maker OUCH user for their market making activities, will submit the (Appendix-14 and Appendix-15)"Algorithmic Order Transmission Systems Information Form" and "Borsa İstanbul A.Ş. Algorithmic Order Transmission Systems Commitment Letter" documents to Borsa İstanbul in addition to the above mentioned ones.

The application for market making must be submitted to the Exchange at least 10 business days before the first business day of the month in which the market maker activities will be started.

44. Temporary or permanent withdrawal from market making and withdrawal of the authorization
Market making authority may be cancelled by the General Manager ex-officio or upon the application of the market maker. The market maker shall notify the Exchange in written form stating the request to withdraw from market making temporarily or permanently. The market makers that are withdrawn from market making with approval of the Exchange may be market maker again upon their application. General Manager is authorized to decide on this matter.

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

Permanent or temporary departure from market making does not affect the authority to trade in the Market.

Market Makers, demanding Market Maker OUCH user for their market making activities, will submit the (Appendix-14 and Appendix-15)"Algorithmic Order Transmission Systems Information Form" and "Borsa İstanbul A.Ş. Algorithmic Order Transmission Systems Commitment Letter" documents to Borsa İstanbul in addition to the above mentioned ones.

The application for market making must be submitted to the Exchange at least 10 business days before the first business day of the month in which the market maker activities will be started.

Applications for market making that meet the minimum requirements are evaluated by the General Manager.

44. Temporary or permanent withdrawal from market making and withdrawal of the authorization
Market making authority may be cancelled by the General Manager ex-officio or upon the application of the market maker. The market maker shall notify the Exchange in written form stating the request to withdraw from market making temporarily or permanently. The market makers that are withdrawn from market making with approval of the Exchange may be market maker again upon their application. General Manager is authorized to decide on this matter.

If market making authorization is cancelled **as a result of market maker application or negative performance** the exchange fee discount and rebate amounts obtained in the last three months due to market making activity must be returned.

Permanent or temporary departure from market making does not affect the authority to trade in the Market.

APPENDIX-1: CONTRACT SPECIFICATIONS OF BORSA İSTANBUL DERIVATIVES MARKET

H. USD/TRY Futures Contract

Contract Months	All calendar months (The current contract month and the nearest 15 contract months shall be concurrently traded).
Last Trading Day	Last business day of the contract month. In case domestic markets are closed for half day due to an official holiday, last trading day shall be the preceding business day.
Expiry Day	Last business day of the contract month. In case domestic markets are closed for half day due to an official holiday, expiry day shall be the preceding business day.

APPENDIX-1: CONTRACT SPECIFICATIONS OF BORSA İSTANBUL DERIVATIVES MARKET

H. USD/TRY Futures Contract

Contract Months	All calendar months (The current contract month and the nearest 15 contract months shall be concurrently traded). **In addition to the standard contract months, flexible contracts can be created for a maximum period of the expiry day up to 364 days by users.**
Last Trading Day	Last business day of the **standard** contract month. **Last trading day is the expiration date for flexible contracts.** In case domestic markets are closed for half day due to an official holiday, last trading day shall be the preceding business day.
Expiry Day	Last business day of the **standard** contract month. **Expiry day is the expiration date for flexible contracts.** In case domestic markets are closed for half day due to an official holiday, last trading day shall be the preceding business day.

O. USD/Ounce Gold Futures Contract

Base Price and Daily Price Limit	Base price is the price determined by the Settlement Price Committee on the day the relevant contract is introduced for trading, and used in calculating the daily price limits. For the other days, base price is the settlement price of the previous day. Daily price limit is equal to ±10% of the base price determined for each contract. If the upper or lower limit calculated does not correspond to a price tick, the upper limit will be rounded to the lower price tick; and the lower limit, to the upper price tick.

APPENDIX-3: EXPLANATIONS ON TRADING DAY SECTIONS AND VIOP'S TRADING AND DAILY WORKFLOW HOURS

…

TRADING DAY SECTIONS	EXPLANATIONS
VIOP_DURDURMA_EI	It is used for trading halt at normal session.
	Order entry and amendment are not allowed.
	Orders can be cancelled.
	Trade reporting is not allowed.
VIOP_DURDURMA_EI_AS	It is used for trading halt at evening session
	Order entry and amendment are not allowed.
	Orders can be cancelled.
	Trade reporting is not allowed.

O. USD/Ounce Gold Futures Contract

Base Price and Daily Price Limit	Base price is the price determined by the Settlement Price Committee on the day the relevant contract is introduced for trading, and used in calculating the daily price limits. For the other days, base price is the settlement price of the previous day. **Base price for evening session contracts is the settlement price calculated at the end of normal session.** Daily price limit is equal to ±10% of the base price determined for each contract. If the upper or lower limit calculated does not correspond to a price tick, the upper limit will be rounded to the lower price tick; and the lower limit, to the upper price tick.

APPENDIX-3: EXPLANATIONS ON TRADING DAY SECTIONS AND VIOP'S TRADING AND DAILY WORKFLOW HOURS

…

TRADING DAY SECTIONS	EXPLANATIONS
VIOP_DURDURMA_EI	It is used for trading halt at normal session **and when market-wide circuit breaker system is activated.**
	Order entry and amendment are not allowed.
	Orders can be cancelled **and/or inactivated.**
	Trade reporting is not allowed.
VIOP_DURDURMA_EI_AS	It is used for trading halt at evening session
	Order entry and amendment are not allowed.
	Orders can be cancelled **and/or inactivated.**
	Trade reporting is not allowed.

APPENDIX-10: NORMAL SESSION OBLIGATIONS OF MARKET MAKERS … * Market makers authorized in Single Stock Futures and Options will be able to update their choice of instrument class/type and these update requests shall be submitted to VIOP 10 days prior to the beginning of the month in which they will be responsible for market making. Market makers may be responsbile for contracts which will be non-standart after the corporate action. Contracts, that were created as flexible contracts but then it needs to be created by the system as usual due to having standart expiration date and strike price, can be determined as responsible contracts for market makers even if the contract codes are different. The strike prices that the market makers are responsible for are reported the Market members on the corresponding day of the morning.	**APPENDIX-10: NORMAL SESSION OBLIGATIONS OF MARKET MAKERS** … * Market makers authorized in Single Stock Futures and Options will be able to update their choice of instrument class/type and these update requests shall be submitted to VIOP 10 days prior to the beginning of the month in which they will be responsible for market making. Market makers may be responsbile for contracts which will be non-standart after the corporate action. Contracts, that were created as flexible contracts but then it needs to be created by the system as usual due to having standart expiration date and**/or** strike price, can be determined as responsible contracts for market makers even if the contract codes are different. The strike prices that the market makers are responsible for are reported the Market members on the corresponding day of the morning.