|  |
| --- |
| **ETHICAL PRINCIPLES DIRECTIVE**  **FIRST PART**  **Purpose, Grounds, Definitions and Abbreviations**  **Purpose**  **ARTICLE 1 – (1)** The purpose of this Directive is to regulate the principles and rules to comply with in the course of conduct of operations of the Exchange; and the ethical principles to comply with by the Employees and Executives; and the principles and procedures pertaining to prevention of probable conflicts of interests between the Exchange, market operators, shareholders and/or other stakeholders, and actions and measures to be taken to fight against bribery and corruption.  **Grounds**  **ARTICLE 2 – (1)** This Directive is issued in reliance upon Article 58 of Borsa İstanbul A.Ş. Regulation on Principles Regarding Exchange Activities and Article 27 of Borsa İstanbul A.Ş. Regulation on Principles Regarding Exchange Activities For Precious Metals and Precious Stones.  **Definitions and abbreviations**  **ARTICLE 3 – (1)** For the purposes and in the context of this Directive, following definitions and abbreviations shall apply:  **(a) Exchange**: Borsa İstanbul A.Ş,.  **(b) Exchange Legislation**: The Regulation on Principles of Foundation, Activities, Operations and Audit of Exchanges and Market Operators, and Borsa İstanbul A.Ş. Regulation on Principles Regarding Exchange Activities, and Borsa İstanbul A.Ş. Regulation on Principles Regarding Exchange Activities For Precious Metals and Precious Stones, and other directives and legislative instruments issued by the Exchange,  **(c) Employees:** The Exchange employees,  **(ç) Conflict of interests**: Any events which affect or may affect neutral and objective performance by the Exchange Executives and employees of their job duties due to any kinds of interests that may be provided, or fiscal or other liabilities or obligations that may be avoided, or similar other personal benefits that may be conferred, in their own interests or in the interests of their relatives, friends or other related persons or entities,  **(d) Audit Committee:** Borsa İstanbul A.Ş. Audit Committee,  **(e) General Manager**: The Exchange Chief Executive Officer,  **(f) Gift**: All kinds of goods, properties and interests which affect or may affect neutrality, performance or decisions of the Exchange Executives and Employees or their performance of job duties, and have or do not have an economic value, and are accepted directly or indirectly,  **(g) Business Partners:** Natural persons or legal entities assuming a liability towards the Exchange in performance of a particular business,  **(ğ) Facilitation payments**: A payment which, not being a bribe, is made directly or indirectly for ensuring that a business is done or speeded up or facilitated,  **(h) Corporate strategy**: A road map followed by the Exchange for achievement of its vision, goals and objectives,  **(ı) Stakeholders:** Parties with whom the Exchange has direct or indirect relations and who are affected from the Exchange or who affect the Exchange by decisions and acts,  **(i) Shareholders:** Partners holding capital shares of the Exchange  **(j) Early Detection of Risk Committee:** Borsa İstanbul A.Ş. Early Detection of Risk Committee,  **(k) Bribe:** A direct or indirect provision of interest or an agreement reached for provision of interests to a certain person or to another person with a view to ensuring that certain person acts or omits in a particular way in the course of performance of his/her job duties,  **(l)** **Corruption:** A direct or indirect act and behavior of wrongdoing through illegitimate means for personal benefits or interests,  **(m) Executive:** the Chairman and Members of the Board of Directors of the Exchange including the General Manager,  **(n) Board of Directors**: The Exchange Board of Directors. |
| **SECOND PART**  **General Provisions**  **Ethical principles and rules**  **ARTICLE 4 – (1)** The Exchange ethical principles and rules are a set of principles determining values in terms of moral aspects to comply with in internal and external relations and in resolution of probable conflicts of interests that may arise out of such relations.  **(2)** Ethical principles and rules further extend to principles and rules pertaining to the act of taking or giving bribes, making facilitation payments, receving or giving gifts, making political grants and donations, and corruptions.  **(3)** In the case of allegations of breach of ethical principles by the Exchange Executives, Employees or Business Partners, the activities conducted and the results attained in connection therewith will be disclosed by the Exchange to public in the Exchange’s internet site.  **Ethical culture**  **ARTICLE 5 – (1)** The Exchange ensures that ethical principles and rules are implemented, and an internal ethical culture is created and established, and issues administrative regulations and organizes training activities for establishment of ethical culture, and takes necessary actions against probable conflicts of interests.  **(2)** The Exchange encourages its Employees to set a good example to other employees and to the public in general through their behaviors and takes incentive measures.  **(3)** The Exchange issues administrative regulations and organizes communication, information, training, risk identification, compliance monitoring and audit, reporting, stakeholder and public information activities and operations for fight against bribery and corruption, and takes all kinds of actions against probable conflicts of interests. Each Employee contributes to establishment of ethical culture for the sake of prestige of the Exchange in the eyes of its stakeholders.  **(4)** The Exchange develops methods facilitating the reporting of breaches of the ethical rules and policy regarding fight against corruption and discloses the data about efficiency of such methods to the public.  **(5)** Ethical principles and particularly, fight against corruption are assessed within the frame of national and international standards also in due consultation with the stakeholders. Performance and developments in review, follow-up and supervision of Ethical Rules are disclosed to the public periodically.  **Liability**  **ARTICLE 6 – (1)** All acts and transactions of Executives and Employees are expected to be compliant with the Exchange ethical principles and rules and the corporate strategy, and to make contribution to the creation of an investment and brand value therein for.  **(2)** Executives and Employees are under obligation to refrain from acts and behaviors which may negatively affect the corporate reputation of the Exchange.  **(3)** Executives, by embracing that ethical principles and rules are an important factor in achievement of objectives of the Exchange, are liable to provide a work atmosphere in compliance with these principles and rules.  **(4)** Business partners including contractors, suppliers and agencies, and persons and entities authorized to act for and on behalf of the Exchange and/or to represent the Exchange are also obligated to comply with these ethical rules in all of their relations with the Exchange.  **(5)** No penal sanction may be imposed on the persons or entities referred to in this Article due to their refusal to give bribe in the course of conduct of their relations and affairs.  **(6)** Executives, employees and business partners are under obligation to comply with the applicable laws and regulations.  **(7)** In the case of violation of ethical principles and rules, the violators are subject to the disciplinary provisions of the Exchange Legislation. |
| **Notification and training of ethical principles**  **ARTICLE 7 – (1)** A current version of the Exchange ethical principles and rules document is provided to all Executives and employees, and all persons and entities authorized to act for and on behalf of the Exchange and/or to represent the Exchange, and all business partners including contractors, suppliers and agencies, and said document is disclosed to all stakeholders via the Internet.  **(2)** Training is given to the persons and entities referred to in this Article through such methods as seminar, letter, handbook, etc.  **(3)** The codes of practice relating to notification of ethical principles and rules and training on ethical principles are made public.  **Monitoring and Audit of Compliance With Ethical Principles and Rules**  **ARTICLE 8 – (1)** The study conducted by the Early Detection of Risk Committee on risky areas in terms of ethical rules, bribery and corruption is presented as a report to the Board of Directors. Risky areas are determined by the Board of Directors, and top management is assigned for studies and works on compliance.  **(2)** Internal and external conditions relating to assessment of risk, and tools and methods relating to perception, monitoring and control of risk, and principles as to rating of risks are disclosed to public.  **(3)** The Executives and Employees are under obligation to comply with both the ethical principles and the anti-bribe and anti-corruption policies and rules of the Exchange.  **(4)** The Exchange’s unit responsible from compliance monitors the compliance with the ethical principles and rules and the anti-bribe and anti-corruption policies, and presents a report about the probable or actual non-compliance acts to the Audit Committee at least once a year.  **(5)** By also taking the report issued by the Exchange’s unit related with compliance into consideration, the Audit Committee prepares and submits to the Board of Directors at least once a year an independent assessment report about ethical principles and rules and implementation, monitoring and audit of these principles and rules. The Board of Directors incorporates this assessment in its own annual reports.  **(6)** Reports on systems of monitoring and audit of compliance are further audited by an independent institution.  **(7)** Information about applications of the system of monitoring and audit of compliance is published in the Exchange’s internet site.  **THIRD PART**  **Ethical Principles**  **Fairness**  **ARTICLE 9 – (1)** The Exchange commits itself to the principle of fairness defined as being truthful, and not making any untrue statements, and acting reliably and honestly in all kinds of its acts and transactions with those authorized to trade, companies whose stocks and other investment instruments are traded therein, stakeholders, employees, subsidiaries and other relevant entities and institutions.  **Reliability**  **ARTICLE 10 – (1)** The Exchange provides clear, understandable and accurate information in all of its acts and transactions, and performs all these completely and timely, and work through management of probable risks that may arise out of conduct of acts and transactions and transaction safety.  **Equality**  **ARTICLE 11 – (1)** The Exchange takes actions without makingany discrimination for language, belief, political thoughts, race, gender and similar other reasons, and always complies with the human rights and freedoms and the equal opportunity principle.  **Transparency**  **ARTICLE 12 – (1)** The Exchange discloses to public all information of interest to its stakeholders and investors with regard to its activities timely, neutrally, completely and understandably and within the frame of equal opportunity principle.  **Social responsibility**  **ARTICLE 13 – (1)** The Exchange is sensitive towards social requirements. The Exchange places emphasis on giving support to events and destined for improvement of quality of social life on such fundamental issues as education, health, equal opportunity, environmental protection, and protection of historical and cultural assets.  **Environmental sustainability**  **ARTICLE 14 – (1)** The Exchange uses all kinds of natural resources and energy resources in the most effective and economic manner, and performs its environmental duties and responsibilities sensitively.  **(2)** The Exchange actively takes part in the studiesaimed at controlling the activities harmful for environmental and human health. The Exchange takes actions for minimization of environmental wastes arising out of its activities as far as possible.  **FOURTH PART**  **Ethical Rules**  **Commitment to purpose and mission:**  **ARTICLE 15 – (1)** The Executives and Employees act in compliance with the purposes and missions of the Exchange, and perform their job duties with the vision of meeting the needs of market and investors efficiently, rapidly and effectively and of further improving the quality of service.  **Public disclosures**  **ARTICLE 16 – (1)** The Executives and Employees give true, complete, timely and understandable information in all of their disclosures to the public within the frame of their areas of authorization.  **(2)** Unless specifically permitted otherwise, the Employees cannot use social media platforms in performance of their job duties, and cannot share information or exchange correspondences which may impair the reputation of the Exchange or which may give the impression that they are making statements or communicating in the name of the Exchange in the course of their personal social media communications.  **Use of the Exchange Resources**  **ARTICLE 17 – (1)** The Executives and Employees use the fixtures, buildings, motor vehicles and other properties and resources of the Exchange efficiently in accordance with requirements of business and solely in the interests of the Exchange.  **(2)** Products, services and applications developed by the Employees for use by the Exchange are under the ownership of the Exchange and cannot be used for personal purposes;all fiscal rights associated with the works created in the course of activities and operations of the Exchange will be used by the Exchange.  **(3)** In the case of violation of regulations regarding use of the Exchange resources, the violators are subject to the disciplinary provisions of the Exchange Legislation.  **Prohibition of performing sideline work**  **ARTICLE 18 – (1)** Unless otherwise permitted by the applicable Exchange Legislation, the Employees may not:  **(a)** Engage or take office in a sideline work for renumeration , or  **(b)** Serve as a member of board of directors or auditor in companies other than the Exchange and its subsidiaries or affiliates.  **(2)** The Exchange supports its Employees to take part in non-governmental organizations working for cultural, professional, sports or social aid purposes, providing that they do not hinder or disrupt their job duties in the Exchange. |
| **Memberships**  **ARTICLE 19 – (1)** The Employees may not engage in social activities which do not accord with the interests of the Exchange, and may not serve in boards of directors or auditors of cooperatives by bringing their job duties and responsibilities in the Exchange into the forefront.  **(2)** The Employees may become a member of and may take part in organs of associations, societies, foundations and similar other non-governmental organizations. However, a prior consent of the General Manager is required for serving in boards of directors or auditors of said organizations which are engaged in economy-related issues.  **(3)** The provisions of Exchange Legislation in connection therewith are, however, reserved.  **Political Activities and Donations:**  **ARTICLE 20 – (1)** Employees may be a member of political parties and associations, but may not play an active role in, or assume a managerial position, or demand donations in the name of, a political party or a politically motivated association.  (2) The Exchange may not donate to or demand donation from a political party or a politically motivated association.  (3) The Exchange complies with all laws and regulations regarding political activities and undertakes to announce all noncompatibilites regarding political donations to the public.  **Capital Market Transactions:**  **ARTICLE 21 – (1)** Transactions that may be executed by the Executives and Employees in capital markets in their own name or account, or in the name or account of their relatives or persons whom they represent are subject to the restrictions imposed by capital markets or Exchange Legislation.    **Confidentiality**  **ARTICLE 22 – (1)** The Executives and Employees act in sense of responsibility regarding protection of the information in the course of performance of their job duties and attach great importance to confidentiality for protection of information acquired . **(2)** The Exchange Executives and Employees are under obligation to comply with the confidentiality of secrets of the Exchange or any companies, partnerships, institutions and all kinds of other natural persons or legal entities having a relationship with the Exchange, which come to their knowledge due to business and not to ever disclose any such secrets to the persons, or authorities duly instructed and authorized by the applicable laws, and not to use the same in the interests or to the detriment of themselves or their relatives or third parties. Such obligation survives the termination of employment contracts of these persons with the Exchange.  **Accepting and giving gifts:**  **ARTICLE 23 – (1)** It is forbidden for the Executives and Employees to directly or indirectly give gifts to or accept gifts from natural or legal persons with whom they are in a business, service or benefit relationship with regard to their job duties, either for themselves or for their relatives or for third party persons or entities, in such manner to impose any liability on the Exchange or personally on themselves, except for exemptions and amounts permitted by the Board of Directors.  **Prevention of corruption, and fight against laundering of crime revenues**  **ARTICLE 24 – (1)** In order to ensure that investment instruments are traded in a reliable, transparent, efficient, stabilized, fair and competitive atmosphere, and within the frame legislation pertaining to fight against laundering of crime revenues and proceeds, prevention of financing of terrorism, prevention of corruption, and fight against bribery and other similar economic offences, the Exchange takes the required measures for detection of doubtful transactions and for application of the pertinent laws and regulations, and enters into cooperation and exchange of information with the relevant institutions and entities limited with regard to custody services relating to Precious Metals and Precious Stones Market.  **(2)** Within the framework of the legislation as to fight against laundering of crime revenues and financing of terrorism, any doubtful transactions detected by the Employees with regard to custody services of the Exchange relating to Precious Metals and Precious Stones Market will be reported to the Exchange’s unit which is responsible from compliance.  **3)** It is forbidden for the Executives and Employees to take or give bribe and to make facilitation payments.  **Provisions regarding business partners**  **ARTICLE 25 – (1)** Business Partners of the Exchange, including contractors, suppliers and agencies having business relations with or providing services to the Exchange and the persons and entities authorized to act for and on behalf of the Exchange and/or to represent the Exchange are prohibited to give bribe, make facilitation payments or to accept or give gifts.  **FIFTH PART**  **Prevention of Conflicts of Interests, and**  **Final Provisions**  **Prevention of Conflicts of Interests**  **ARTICLE 26 – (1)** The Employees are personally liable for prevention of conflicts of interests, and upon occurrence of such , they are under obligation respectively;  **a)** to monitor and determine the conflict of interests,  **b)** to take necessary steps for avoidance of the conflict of interests,  **c)** to report the conflict of interests to their superiors upon detection thereof,  **ç)** to keep themselves away from interests covered by the conflict of interests.  **(2)** Any conflicts of interests detected hereunder will be reported by the Exchange’s unit which is responsible from compliance to its Audit Committee.    **Absence of provision**  **ARTICLE 27 – (1)** On all matters on which this Directive remains silent or is not clear, the Board of Directors is authorized to take decisions,to regulate and direct the applications within the frame of the relevant regulations.  **Effective Date**  **ARTICLE 28- (1)** This Directive becomes effective as of 11/1/2017  **Enforcement and Execution**  **ARTICLE 29- (1)** The provisions of this Directive are enforced and executed by the General Manager. |