REGULATION

ON APPLICATION PRINCIPLES

OF SECURITIES L/B MARKET

Article 1- PURPOSE

The purpose of the establishment of Securities L/B Market is to provide the meeting of the demands of the Intermediary Institutions which want to borrow securities and exchange traded fund participation certificates for a certain time by providing security in the type and quantity as approved by the Capital Markets Board and the offers of the Intermediary Institutions, which want to lend securities and exchange, traded fund participation certificates and get them back at the end of the maturity in fungible form in order to get an additional return for their portfolios and reduce the defaults to happen in the market to a minimum.

Article 2- ABBREVIATIONS

MARKET	: Securities L/B Market
BANK	: Takasbank-ISE Settlement and Custody Bank Inc. General Management
CMB	: Capital Markets Board
ISE	: Istanbul Stock Exchange Board
CRA	: Central Registry Agency Inc.
INTERMEDIARY INSTITUTION	: Brokerage houses and banks
REPRESENTATIVE	: The authorized personnel of the Intermediary Institutions to trade in Securities L/B Market
COMMUNIQUE	: The communiqué of Capital Markets Board on the Purchase on Credit, Short Selling and Borrowing and Lending Transactions of Capital Market Instruments
CUSTOMER	: The real or legal person customers who are authorized to borrow and lend in accordance with the legislation of Capital Markets Board (investment funds or trusts etc., of which they are managers or founders)
DEMAND	: Request to borrow
OFFER	: Request to lend
BORROWER	: The Intermediary Institution and/or its customers which/who borrow
LENDER	: The Intermediary Institution and/or its customers which/who lend

Article 3- BASIS

This regulation has been issued in accordance with the articles of association of the bank and the provisions of the communiqué.

Article 4- POSITION OF THE BANK

The bank is the institution which, within the framework of the authority granted by the related article of the communiqué and the regulation on the application principles of securities as approved by CMB and within the transaction collaterals obtained in the market, intermediates the finality of the settlement and operates the market.

Article 5- BROKERAGE HOUSES ELIGIBLE AS MARKET PARTICIPANTS

The brokerage houses, except those banned by CMB from executing the borrowing/lending transactions within the scope of the communiqué, can trade in the market.

Article 6- LETTER OF UNDERTAKING AND REPRESENTATIVES

The Intermediary Institutions willing to trade in the market have to sign the ³Letter of Undertaking for Securities L/B Market´ of which the form and context has been determined by the bank and have to inform their representatives to the bank.

Trading takes place in the market through the orders given by the representatives. The representatives can place orders, improve given orders and close expired orders in the MARKET on behalf of the Intermediary Institution or its customers.

The maximum number of representatives of an Intermediary Institution is_ and they can be replaced by giving a written notification.

The representatives are given a private and secret password by the bank. The responsibility of the orders transmitted to the MARKET with this password belongs to the Intermediary Institution.

The representative can any time change his/her password within the framework of the principles determined by the bank.

Article 7- NON-TRADING SITUATIONS

The Intermediary Institutions cannot trade in the following situations:

A. Suspension of their activities by the ISE or CMB (temporarily or permanently),
B. Termination of ISE membership,
C. Being in default in the MARKET due to trading commission (commission to be paid to the borrower) and/or having outstanding bank commission payables,

In case there is any restriction in the accounts of intermediary institutions and their customers with CRA, the foresaid Intermediary Institutions and their customers can not be engaged in new trading until such restriction is removed.

The Intermediary Institution or its customers being in securities default or have received a margin call in the market, can not be engaged in new trading until their status is restored.

Besides, the Intermediary Institution or its customers having distrait on their security or are subject to trading prohibition , can not be engaged in new trading as long as the warranty of distrait or the trading prohibition prevails.

Article 8- OPERATION PRINCIPLES

8.1. Securities Subject to Trading and Market Value

The securities subject to trading in the market are the stocks in the ISE National Market and exchange traded fund participation certificates. The market value of the security subject to trading is obtained by multiplying the weighted average price formed in the last session of the previous day by the number of the security subject to trading. If there was no trading in the last session of the previous day, the price found by the arithmetic mean of the best buy and sell orders again in the last session are used for the calculation of the market value. In case one of either best buy or best sell orders does not exist, the weighted average price of the previous session is used.

8.2. Value-dates and Maturities

The value-date of the given orders is;

- Same day,
- 1 business day,
- 2 business days.

The maturity of the given orders is;

- each day up to 1 week,
- 1, 2 and 3 weeks,
- 1, 2, 3, 6, 9 and 12 months.

8.3. Commission Rates

The commission rates of the transactions in the market are freely determined by the parties. The order commission steps are entered into the system as % 0.01 (one bp) and their multiples. While calculating the commission,1 year is taken as 365 days. The order commission steps are determined and announced by the bank according to the market conditions.

8.4. Sessions and Session Hours

2 sessions are held in the market with the same day value being between 09:30-12:00 and 13:30-16:15.

The bank can change the session times and durations in case one of the following situations occur:

- Technical problems arise due to the system, network or data and the system does not function properly
- Technical problems arise in CRA due to the system, network or data and technical problems arise due to non-functioning of CRA system or the data communication between CRA and the bank
- The majority of the Intermediary Institutions can not enter the system due to technical reasons
- There is a power cut due to breakdowns in electricity or UPS systems big enough to interrupt the functioning of the market
- There are erroneous transactions during the session which are of intensity and character to bring the session to a halt
- The occurrence of extraordinary events such as any individual or collective action or natural disasters which may jeopardize safety of lives either prior or during the session
- Determining that the data broadcast can not take place due to reasons caused by the bank and it will not be possible to restore the broadcast in a reasonable period of time

The bank changes the session times and durations within the framework of the following rules:

- In delays or interruptions lasting minutes or shorter, the duration will not be extended and the session will end at the usual time
- All of the interruptions between 15-30 minutes will be added to the session, in the case of interruptions exceeding 30minutes, the sessions will be extended maximum 30 minutes
- If the first session has been interrupted or had not started at all and it did not open until the usual ending time (until 12:00), it will not be started again. If the second session had not started or has been interrupted, it will be waited until 15:45 the latest and when the session has opened it will be ended at 16:15.
- If the session has started and been interrupted due to one of the reasons mentioned above, in case the session does not start again, all transactions realized and orders entered in these sessions will be deemed valid.
- If deemed necessary by the bank management, the interruptions not exceeding minutes at the end of the_.session will be added to the end of the session provided that they do not extend to_ minutes beyond the usual closing time of the session.

8.5. Principles Regarding Collaterals

8.5.1. Types

The types of the collaterals to be given in the market by the Intermediary Institutions and the abbreviations used are stated below:

- C Cash
- TB Treasury Bill
- GB Government Bond
- S Stocks
- IF Investment Fund Participation Certificate
- ETF Exchange Traded Fund Participation Certificate
- G Gold
- LG Letter of Guarantee

- All collaterals are defined to the system with the details of the Intermediary Institution and customer.
- Collateral/risk control is performed on Intermediary Institution and customer basis.
- The transfer of LG, C, TB, GB and G collaterals between the accounts of the Intermediary Institution and customer is possible on condition that the collateral rates do not fall below beginning rates and there is no default situation.
- The collateral entry and withdrawal transactions of the Intermediary Institutions are executed by the bank through given instructions or by the Intermediary Institution in electronic environment. The collateral transactions of S, ETF and IF creates a transfer transaction on the accounts with CRA.
- The collateral entry and withdrawal transactions of the Intermediary Institutions are realized until 17:00 the latest.
- It is required that all collaterals with_ business days left to their matu rity are not subjected to collateral valuation and are replaced.

- It is required that the collaterals, which were distrait or immobilized by CRA, are not subjected to collateral valuation and are replaced. In case the collaterals are not replaced or their missing part is not completed, starting with the closest maturity the necessary amount of risk relating to borrowed positions is closed until the beginning collateral rate is reached. Debts of borrowing are liquidated; in case the collaterals are not sufficient to cover the risk, the lender positions will be closed as required by the risk again starting with the closest maturity until the beginning collateral rate is reached. Besides the Intermediary Institutions or customers with distrait or immobilized collaterals can not be engaged in new trading as long as the attachment prevails.

In case the Stocks and Exchange Traded Fund Participation Certificates are taken as collateral, the securities to be taken as collateral are limited to the E type (old) stocks in the ISE National Market. The securities, which will be taken as collateral, are in units and their multiples.

The stocks and exchange traded fund participation certificates closed for trading in the ISE lose their quality of being collateral and are not subjected to collateral valuation.

In case The Letters of Guarantee are taken as collateral, prior to getting the letter, the officials of Takasbank Money Market and Securities Lending Market Departments have to be contacted and the bank giving the letter has to be confirmed. The letters of guarantee are taken as collateral after the Head Office of the bank giving the letter has confirmed the issuance of the letter in writing.

The letters of guarantee are taken as collateral have to be in the form of performance bond and denominated in TRY, USD or Euro.

The letters of guarantee given by the banks of the same Group or Holding to each other and the letters of guarantee taken by the Intermediary Institutions from the banks of their own Group or, Holding are not accepted as collateral.

A letter of guarantee can not be defined at the same time as the collateral of the Intermediary Institution and its customers or more than one customer of the Intermediary Institution.

Cash collateral can be denominated in TRY, USD or Euro.

The Intermediary Institutions have to deliver the cash to be deposited to their free) accounts for collateral purposes until_:30 the latest.

The TRY denominated cash collaterals are subjected to interest accumulation by the bank using the best rates possible according to current market conditions. Interest accumulation is made over the total amount hold daily as collateral. The transfer to the accounts of the Intermediary Institutions is made daily by calculating interest over the average daily interest rate quoted by Takasbank Fund Management Department. While notifying the interest rate, the costs arising from legal financial obligations are deducted from the interest rate. The amount forming the basis of interest accumulation is determined by the bank every day at 15:30 hrs.

Cash TRY available in collateral accounts which are in excess of the amount required by the existing risk as of:30 hrs are not included in the amount subjected to interest accumulation.

TRY cash collateral to be included in the amount to be subjected to interest accumulation at 15:30 hrs is not allowed to be withdrawn after that time. Besides, the TRY transferred to collateral accounts after:30 hrs will not be added to the amount which will be subject to interest accumulation.

TRY cash collaterals which are not included in the amount to be subjected to interest accumulation can be withdrawn until_:45 hrs.

In case Investment Fund Participation Certificates are given as collateral, the Intermediary Institutions can not give those investment fund participation certificates of which they are managers or founders as collateral.

In case Gold is given as collateral, it should consist of gold ingots of_ kg finesse and above the standards which are determined by the Undersecretary of Treasury and traded in the Istanbul Gold Exchange (IGE).

The Intermediary Institutions have to deliver the receipt taken from IGE for the gold deposited to the custody account of the bank with IGE to the bank. The bank, after receiving the written confirmation from IGE regarding the depositing of the above defined gold by the Intermediary Institution, defines such gold as collateral.

In the safekeeping of the collaterals in gold, the commission taken by IGE is collected from the Intermediary Institutions giving the exact amount of collateral.

The Intermediary Institutions giving collateral in gold are obliged to cover the losses arising from the incongruity with IGE due to collateral movements with IGE.

8.5.2. Collateral Valuation and Haircuts

Collateral Types		Haircut	
C	Cash	(USD/EURO/TRY)	1,00
TB	Treasury Bill	(USD/EURO/TRY)	1,00
GB	Government Bond	(USD/EURO/TRY)	1,00
S	Stocks		
		(ISE-100)	0,90
		(Other than ISE-100)	0,75
IF	Investment Fund Par. Cer.		
		(A Type)	0,90
		(B Type)	1,00
ETF	Exchange Traded Fund P.C.		0,90
G	Gold		1,00
LG	Letter of Guarantee	(USD/EURO/TRY)	1,00

In cases required by market volatility the bank is authorized to reduce the above haircuts up to %(according to market conditions.

The valuation is made at the end of each day. Intra-day valuation would be made for Stocks and Exchange Traded Funds. The prices used for end-of-day and intra-day collateral valuation as well as collateral and borrowing movements on the subsequent day are as follows;

a) Stocks and Exchange Traded Funds; with the weighted average price formed in the last session on the day the valuation is made. If there was no trading, the valuation is made again with the arithmetic mean of best buy and sells orders of the last session. In case one of either best buy or sell orders do not exist, the weighted average price of the previous session is used.
b) Government Bonds and Treasury Bills; with ³Current Rates for Bonds´ determined in the ISE (Bonds and Bills Market) on the valuation day, and if such prices are not available, the indicative daily values of Government Domestic Debt Securities determined by CBT is used.
c) FX Cash Amounts and FX Letter of Guarantee; on the valuation day with foreign currency buying rates announced by CBT for the next day,
d) Investment Fund Participation Certificates; with the prices announced on the valuation day.
e) Gold; with the weighted average price formed in the last session of IGE on the day the valuation is made. If there was no trading, again with the arithmetic mean of best buy and sell orders of the last session.

Valuated collateral; is obtained by multiplying the collateral quantity or number with the above mentioned prices and coefficients.

8.5.3. Collateral Rates

Beginning Collateral Rate:
For a borrowing transaction to take place, there must be valuated collateral equaling to @ of such transaction.

The total market value of securities, such as C, TB, GB, S, ETF, LG or IF within the total valuated collateral, has to be at least 100% of the total borrowed debt.

The total market value of securities, such as G within the total valuated collateral can be maximum H of the total borrowed debt.

Besides, the valuated amount of each type of securities taken as collateral can not exceed U of the market value of the total borrowed security.

Continuation Collateral Rate:
It is E of the total borrowed debt (its market value).

8.5.4. Margin Call and Consequences of Non-Compliance

In cases where the total valuated collateral falls below the Continuation Collateral Rate of the market value of the borrowed security, the bank makes a Margin Call and requests the related Intermediary Institution or its customers to raise their collateral to the beginning collateral rate.

If the total collateral of the Intermediary Institution or its customers each falls below the Continuation Collateral Rate of the total market debt as a result of collateral valuation made every day, the bank makes a Margin Call and requests the related Intermediary Institution or its customers to raise their collateral to beginning collateral rate.

The Intermediary Institutions in a situation to receive a margin call are sent a message or e-mail to their screens notifying the call.

The Intermediary Institutions or its customers being the receiver of the margin call are not allowed to be engaged in new trading.

The Intermediary Institutions or its customers have to deposit the additional collateral requested until the end of the day the margin call is made.

In case of non-compliance with the margin call, the collaterals of the Intermediary Institutions or its customers being the receiver of the call are converted into cash and securities are taken from them and their borrowed debts are liquidated starting with the debt having the closest maturity until the collateral rate again reaches the beginning rate. For those borrowings paid back before the maturity date the commission amount to accrue until the end of maturity date will be collected from the borrowing Intermediary Institution and transferred to the lending Intermediary Institution.

Intermediary Institutions or their customers for whom margin-call is made as the result of intra-day valuation, can have a deadline of 13:25 to complete the required collateral. If collateral is not completed to the beginning collateral amount, than the waiting daily “ask” passive orders, beginning from the last order to the first order, will be cancelled until the margin-call obligations are fulfilled. If the margin-call obligations still persist after the cancellation of all daily passive “ask” orders, than all daily passive “bid” orders will also be cancelled. As of 13:25, all daily passive “bid” orders of intermediary institutions or their customers in margin-call will be cancelled.

Risk and collateral valuation of stock certificates and exchange traded funds arising as the result of intra-day valuation will be updated until 13:00.

Intermediary Institutions are responsible of monitoring margin-call requirements and all related information about margin-call from “Margin-call monitoring screen”

8.5.5. Rights Arising From Collaterals

The rights arising from the securities kept as collateral belong to the collateral provider. The capital increase (if it is a capital increase through rights issues, after the Intermediary Institution and/or its customers have paid the amount for subscription right) or dividend rights of the securities given as collateral by the Intermediary Institutions on own behalf or on behalf of their customers will be exercised by the bank on behalf of the Intermediary Institution and new shares and cash amounts obtained after the transactions are transferred to the collateral account of the same Intermediary Institution and/or its customers.

8.6. Orders

8.6.1. Transmission of orders

The orders will be transmitted to the market through the bank¶s terminals located in the offices of the Intermediary Institutions where the security code, number, commission rate, maturity, order type and number or code of the Intermediary Institution or customers to whom the order belongs to (in case it is an investment fund or trust) will be written on each order. When the order is entered an ³order number´ is assigned by the system. The representative uses this number assigned by the system for the amendments he/she wants to make about the order. Amended orders are assigned a new order number and time.

At the time a borrowing offer is made, the securities in the amount subject to the order are transferred from the free sub-account of the Intermediary Institution or customer giving the order with Takasbank to the sub-account of Securities L/B Market. This transfer is required for entering the offer to the system.

In order to enter the borrowing request to the system, the Intermediary Institution or its customers to which the order was given are required to have sufficient collateral.

In case the Intermediary Institution cannot establish a connection to the bank¶s screens due to system or line problems etc. it is also possible to enter the orders to the system by giving a written instruction to the bank.

8.6.2.Order Types

Orders within a Session
It is the order type, which is valid in the session it has been entered but its unrealized part is automatically cancelled by the system at the end of the session. In these types of orders, when the order is partially or wholly not realized at the time of entry, its unrealized part appears passively on the screen.

Daily Orders
As different from an order for a session, it is the order type, which is not erased at the end of the first session but its unrealized part is automatically cancelled at the end of the second session. When the daily order is partially or wholly not realized at the time of entry its unrealized part appears passively on the screen. Only in the first session this type of orders can be entered.

"Fill or Kill" Orders (KIE)
It is the order type where all of it is not written as passive when there is no trading at the time of entry and when there is partial trading, its unrealized part is not written as passive and automatically cancelled by the system.

"Orders that are cancelled when they cannot be filled wholly" (BEIE)
It is the order type automatically cancelled by the system when it does not match at the time of entry.

8.6.3. Amending and canceling orders

8.6.3.1. Order cancellation

Given orders can not be cancelled until the end of the session provided that their above mentioned unique validity status are reserved. Borrowing requests or offers still unrealized at the end of the session will be erased (cancelled) from the screens and at the same time the securities transferred to Securities L/B Market sub-accounts with Takasbank as a result of offer orders, will be again transferred to the free sub-accounts of the lenders.

For the securities closed for trading in the ISE, no order can be entered following the closing for trading and existing passive orders are cancelled. After the trading is restored, new orders can be entered to the system for the foresaid securities.

The passive orders of the Intermediary Institution or its customers, subject to a ban for trading, will be cancelled and erased from the screens by the bank following the receipt of information on the part of the Intermediary Institution for which a ban of trading is applied.

The passive orders of the Intermediary Institution or its customers, of which the operations are temporarily or permanently suspended, will be cancelled and erased from the screens by the bank.

8.6.3.2. Commission Rate Amendment

On condition that the commission is only changed in positive direction (for requests up, for offers down), passive orders can be subject to change during the session. Other elements of passive orders, except their commission rates, can not be changed.

8.6.3.3. Order Type Amendment

Order types can only be changed during the 1st session. “Orders within a session” can be changed to “Daily orders” and vice versa.

8.6.3.4. Value/Maturity Date Amendment

Value/Maturity Date Amendment can be executed with the condition that matching can be made. If partial matching can be made as the result of value/maturity date amendment, than the amendment is reflected only to the partially matched part of the order and value/maturity date amendment cannot be executed for the remaining part.

8.6.4. Limits and trading limits

A limit is determined pro rata the valuated collateral of the Intermediary Institution or its customers asking for borrowing.

To submit an offer, it is required that the offering Intermediary Institution or its customers have securities available subject to borrowing in their free sub-accounts with CRA.

There is no collateral requirement for the offering parties.

The transactions are realized in numbers and in their multiples.

For a purchase transaction maturing on that day, in case the related Intermediary Institution or its customers request the same security again the risk amount is calculated over the higher of the outstanding number of the maturing debt and the requested number. However, if this request is matched with an appropriate offer the lower of the number of securities purchased as a result of the matching and the number of the maturing transaction will be transferred to Borrowing Repayment Blockage Account within CRA and closed by the Intermediary Institution from the Borrowing Repayment Screen. In this way, it is made possible to close a maturing purchase transaction by making a new request without providing additional collateral. The securities in Borrowing Repayment Blockage Account cannot be transferred to a different institution or account.

The market value of the order entered on security basis cannot exceed_.5 million TRY. The changes made in the ISE spot market will be exactly reflected.

8.7. Matching

The orders are matched by prioritizing the orders with the highest commission rate in requests and lowest commission rate in offers. For the orders with equal commission rate, priority of time is applicable.

In addition to rate equality; the trading is concluded over the rate of the request if an offer is made with a lower rate than the existing request and over the rate of the offer if a request is submitted with a higher rate than the existing offer.

The trading parties are not provided Intermediary Institution or customer information constituting the counterparty of the transaction.

Both parties in the matching, provided that the Intermediary Institution or its customers (their account numbers or codes) are different, can be the same Intermediary Institution. Cancellation of realized transactions (contracts) is not possible.

8.8. Information distribution screens

Market information can be accessed via information distribution screens. The orders entered to the system and transactions are reflected to market screens. The characteristics relating to information distribution companies and screen codes and screens will be announced by the bank.

8.9. Clearing and Settlement

8.9.1. Settlement of security subject to borrowing

The settlement of security subject to trading is made by transferring from the Securities L/B Market sub-account of the lender with CRA to the free sub-account or Borrowing Repayment Blockage Account of the borrower with CRA at the time of borrowing/lending transaction.

8.9.2. Repayment of borrowing

The deadline for repayment of the maturing borrowings in the market is_:30. The borrowed debt can be partially or wholly repaid within the day from the bank¶s screens located in the offices of the Intermediary Institution. In case there is a balance of the security in the Borrowing Repayment Blockage Account which is the subject of borrowed debt to be repaid by the Intermediary Institution or its customers, then the repayment can also be made by the bank.

The securities, returned after the repayment, will be returned to the free sub-accounts of the lending Intermediary Institution or its customers with CRA.

In case there is a balance of the security which is the subject of the borrowed debt to be repaid in the Borrowing Repayment Blockage Account, then the repayment can not be made from the free account, it has to be made from the Borrowing Repayment Blockage Account.

The Intermediary Institution or its customers still having debt balance with same day maturity as of_16:30 are in default.

8.9.3. Commission payments

The trading commission will be collected at the end of the maturity, at_:30 from the borrowing Intermediary Institution’s 11 Free Current Account and transferred to the lender. The commission base is the market value of the transaction on the value date and is calculated with the below formula:

$$\text{Trading commission} = \frac{\text{Market value of the transaction * Trading commission rate* Number of days}}{36.500}$$

Bank commission is calculated in the following rates with respect to the market value of the realized part of the order;

- Transactions with a maturity up to one week	1 bp
- Transactions with a maturity of one week	2 bp
- Transactions with a maturity of two weeks	2.5 bp

- Transactions with a maturity of three weeks	3 bp
- Transactions with a maturity of one month	4 bp
- Transactions with a maturity of two months	4.5 bp
- Transactions with a maturity of three months	5 bp
- Transactions with a maturity of six months	7.5 bp
- Transactions with a maturity of nine months	9 bp
- Transactions with a maturity of one year	10 bp

If the commission calculated over the market value of the realized part of the order is below 5.- TRY, then the bank commission has been determined as_5. - TRY.

Bank commission + BITT are collected from both parties on the transaction day at 17:00 .

In case of non-payment of bank commission, the trading authorization of the Intermediary Institution will be removed until the commission is paid.

8.10. Rights arising from security subject to borrowing

The financial rights arising from the securities (capital increase through rights issues, stock split and dividend) remain with the lender, however, the managerial rights (voting rights) of the lender are forfeited.

Dividend

If there is a dividend payment of the securities subject to borrowing within the maturity, the borrowing Intermediary Institution has to deposit the related amount on the day the dividend distribution is made until_:00. The bank collects this amount fr om the free (11) account of the borrower and at the same time transfers to the free (11) account of the lender. If the borrowing Intermediary Institution can not fulfill its obligation, a penal interest 50% higher than the O/N interest rate forming in Takasbank Stock Exchange Money Market (TSEMM) on profit distribution day will be applied to the related amount.

Bonus Issue

If there is a bonus issue of the securities subject to borrowing within the maturity, the securities debt of the borrower on the day of bonus issue will be increased in such number to be found by multiplying the number of transactions with the bonus issue rate. The borrower is obliged to deliver at the end of the maturity date of the transaction the increased number after the bonus issue in addition to the number received at the beginning.

If the issuing institution gives a receipt as the result of the bonus issue, the borrower is entitled to extend the maturity of the remaining debt until one business day later than the conversion date of the receipt into the security. The bank informs the lenders after the borrower has declared this request to the bank over data processing system.

If the issuing institution gives a “N” (New) type security or receipt as the result of the bonus issue the borrower is entitled to cover the remaining debt with “O” (Old) type securities if it wishes so.

Subscription Rights

If there is subscription rights of the securities subject to borrowing within the maturity, the lending Intermediary Institutions have to inform the bank over data processing system whether they or their customers will participate in the subscription rights or not, the latest;

a) For O/N transactions, on the transaction day

b) For transactions with a maturity extending beyond O/N;

If the maturity date = > is the last day for the subscription rights
“LAST DAY FOR THE SUBSCRIPTION RIGHTS -2 DAYS´”

If the last day for the subscription rights > the maturity date
“MATURITY DATE-2 DAYS”

and make the payment for subscription right. The bank simultaneously transfers the subscription right amount collected from the lender’s free (11) account to the borrower’s free (11) account. After the cash transfer, the borrower’s securities debt is increased in pr oportion to the participation share paid by the lender. The borrower is obliged to deliver, at the end of the maturity date of the transaction, the increased number after the capital increase in addition to the number received at the beginning.

If the issuing institution gives a receipt as the result of the capital increase through rights issues, the borrower is entitled to extend the maturity of the remaining debt until one business day later than the conversion date of the receipt into the security. The bank informs the lenders after the borrower has declared this request to the bank over data processing system.

If the issuing institution gives a “N” (New) type security or receipt as the result of the capital increase through rights issues, the borrower is entitled to cover the remaining debt with ³O´ (Old) type securities if it wishes so.

If the starting date of capital increase through rights issues and dividend date fall on the same day, automatic set-off transaction is made.

If the Intermediary Institution does not want to participate in the automatic set-off transaction, it has to inform this to the bank over data processing system one day before the dividend sate and starting date of capital increase through rights issues. Unless requested otherwise by the Intermediary Institution, the automatic set-off transaction is realized as follows:

Dividend Rate = Rate of Subscription Rights Issues

The securities debt of the borrower is increased in such number to be found by multiplying the number of transactions with the rate of capital increase through rights issues. The borrower is obliged to deliver at the end of the maturity date of the transaction the increased number after the subscription rights issue in addition to the number received at the beginning.

If the issuing institution gives a receipt as the result of the subscription rights issues, the borrower is entitled to extend the maturity of the remaining debt until one business day later than the conversion date of the receipt into the security. The bank informs the lenders after the borrower has declared this request to the bank over data processing system.

Dividend Rate > Rate of Subscription Rights Issues

The securities debt of the borrower is increased in such number to be found by multiplying the number of transactions with the rate of subscription rights issues. The borrower is obliged to deliver at the end of the maturity date of the transaction the increased number after the capital increase in addition to the number received at the beginning.

If the issuing institution gives a receipt as the result of the subscription rights issues, the borrower is entitled to extend the maturity of the remaining debt until one business day later than the conversion date of the receipt into the security. The bank informs the lenders after the borrower has declared this request to the bank over data processing system.

The borrower has to deposit the amount between the dividend and subscription rights issues to the bank on the day the dividend distribution is made until 17:00. The bank collects this amount from the free (11) account of the borrower and at the same time transfers to the free (11) account of the lender. If the borrower can not fulfill its obligation, a penalty interest h higher than the O/N interest rate forming in Takasbank Stock Exchange Money Market will be applied to the related amount on profit distribution day.

Dividend Rate < Rate of subscription Rights Issues

The borrower has to inform the bank, over data processing system, whether it will participate in the subscription rights issues or not for the amount between the rate of subscription rights issues and dividend rate and if it participates , the latest;

a) For O/N transactions, on the transaction day

b) For transactions with a maturity extending beyond O/N;

If the maturity date = > is the last day for the subscription rights issues
"LAST DAY FOR THE subscription RIGHTS ISSUES-2 DAYS"

If the last day for the subscription rights issues > the maturity date
"MATURITY DATE-2 DAYS"

and make the payment for subscription right. The bank simultaneously transfers the subscription right amount collected from the lender's free (11) account to the borrower's free (11) account. After the cash transfer, the borrower¶s securities debt is increased in proportion to the participation share paid by the lender. The borrower is obliged to deliver at the end of the maturity date of the transaction the increased number after the rights issue in addition to the number received at the beginning.

The securities debt of the borrower is increased in such number to be found by multiplying the number of transactions with the dividend rate. The borrower is obliged to deliver at the end of the maturity date of the transaction the increased number after the rights issue in addition to the number received at the beginning.

If the issuing institution gives a receipt as the result of the subscription rights issues, the borrower is entitled to extend the maturity of the remaining debt until one business day later than the conversion date of the receipt into the security. The bank informs the lenders after the borrower has declared this request to the bank over data processing system.

8.11. Recalling the security subject to borrowing (discounting the maturity)

The borrower is not entitled to bring the security before its maturity and request the closing of the transaction.

If the issuing company of the security, subject to borrowing, announces General Assembly date prior to the transaction date of the borrowing and General Assembly date coincides with a date prior to maturity date, the lender can exercise its right of recalling the borrowing. After the bank has forwarded this request of the lender to the borrower, the borrower is obliged to return the securities subject to borrowing within_ business days. In this case, half of the commission amount accrued until the closing date of the transaction will be collected by the bank from the borrower and paid to the lender. Default provisions will be applied for unclosed transactions.

All existing undue borrowing and lending transactions of the Intermediary Institution or its customers with a trading ban will be recalled. The borrowers or lenders are not entitled to refuse the call and are obliged to comply with the call within_ business days the latest and close their transactions. In the agreements of the Intermediary Institutions trading in the market concluded with their customers, a provision should be included indicating that the transaction will be interrupted in case of a trading ban. The borrowing transactions with amended maturities can not be closed with securities on which a trading ban is imposed. In case the Intermediary Institutions or their customers are unable to close their borrowing debts with securities having no trading ban, default provisions will be applied. In such transactions involving the discounting of maturity, the commission amounts, accruing as of the time of closing the transaction, will be collected from the borrowers and paid to the lenders.

In case the activities of a Intermediary Institution with open transactions in Securities L/B Market are temporarily or permanently stopped by the ISE or CMB, it is subjected to bankruptcy or liquidation, removed from stock exchange membership or banned from trading in securities for whatever reason, the bank recalls all exis ting undue borrowing and lending transactions of the Intermediary Institution and its customers. The borrowers or lenders are not entitled to refuse the call and obliged to comply with the call within_ business days the latest and close their transactions. Default provisions will be applied for unclosed transactions. In such transactions involving recalling, the commission amounts accruing as of the time of closing the transaction will be collected from the borrowers and paid to the lenders.

In case it is requested not to include the collaterals on which warranty of distraint is levied or immobilized and replace them and the Intermediary Institution or its customer does not replace the collaterals or complete the missing part and as a consequence the collaterals are not sufficient to cover the risk; the transactions of the Intermediary Institution or its customer (where they are in the position of a lender in the market) on whose collateral warranty of distraint is levied or immobilized, will be recalled starting with the closest maturity until reaching the beginning collateral rate. The borrowers are not entitled to refuse the call and are obliged to comply with the call within_ business days the latest and clo se their transactions.

In such transactions involving the discounting of maturity, the commission amounts accruing as of the time of closing the transaction will be collected from the borrowers and paid to the lenders.

In case a security subject to borrowing is closed for trading in the ISE and this situation lasts for at least_ business day, Takasbank General Directorate decides whether to discount the maturity of the transaction or not and informs the CMB on the same day. If it decided to discount the maturity, the borrowers and lenders are informed about the deadline of the closing. Default provisions will be applied for unclosed transactions. In such transactions involving the discounting of maturity, the commission amounts accruing as of the time of closing the transaction will be collected from the borrowers and paid to the lenders.

In case of non-compliance with the margin call, the collaterals of the Intermediary Institution or its customers being the receiver of the call, are converted into cash and securities are taken from them and their borrowed debts are liquidated starting with the debt having the closest maturity until the collateral rate again reaches the beginning rate. For those borrowings paid back by discounting the maturity, the commission amount to accrue until the end of maturity date, will be collected from the borrowing Intermediary Institution and transferred to the lending Intermediary Institution.

8.12. Default

8.12.1. Default Conditions

1- The borrowing debts falling due are not closed at the deadline for closing in the market
2- The security subject to borrowing is not closed despite being recalled before the maturity in the below mentioned circumstances

- The activities of the Intermediary Institution are stopped temporarily/regularly
- There is a trading ban
- It is removed from stock exchange membership
- The security is closed for trading
- It is subjected to bankruptcy and liquidation
- The Intermediary Institutions are banned from trading in securities for whatever reason

8 .12.2. Default of Security Subject to Borrowing and Financial Penalties

The deadline for closing of the borrowing debts in the market is_:30 and the brokerage or its customers still having a debt balance as of this time are in default. In case the borrowing debt is not closed until_:00 on the day of default, the default interest rate is 50% of the average interest rate of O/N transactions formed in Takasbank Money Market on the same day where the default interest amount is calculated for 1 day over the market value of the debt subject to default and accrued.

In case the borrowing debt is closed after 17:00 on the day of default, the default interest rate is two times the average interest rate of O/N transactions formed in Takasbank Money Market on the same day where the default interest amount is calculated for the days elapsing during the default period over the market value of the debt subject to default and accrued. If the day after the closing of default is a non-business day, interest is accrued for non-business days.

Where 2/3 of the default interest collected is transferred to the lenders, 1/3 of the balance is charged by the bank as commission.

During the default period, the Intermediary Institution or its customer causing the default, can not trade in the market, has a blockage on its collaterals and can not withdraw its collateral surplus.

The options provided to the lender in case of default are as follows:

1. The lender continues the lending transaction under the same conditions,
2. The collaterals are converted into cash and the securities subject to borrowing are withdrawn from the market,
3. The collaterals are converted into cash and cash is given to the lender,
4. The mutual netting of the market value of the collaterals and the market value of the securities subject to borrowing,

In general, when covering a debt by way of transfer of securities, cash and collaterals, the following is complied with by taking the option preferred by the lenders into account:

- If there is more than one lender, the transaction regarding the covering of debt by way of transfer of securities, cash and collaterals is made starting with the first realized lending transaction.
- The conversion of collaterals into cash starts with the most liquid collateral determined by the bank according to current market conditions.
- When transferring the collaterals to the lenders, the (market value) portion of all collaterals enough to meet the debt will be shared among the lenders in proportion to their lending.
- When covering the borrowed debt by transferring collateral or cash, the amount forming the basis of the debt is the market value of the security subject to borrowing.

If the first option is preferred; the default status of the borrowed debt is removed and borrowing transaction is extended over the initial (on value date) maturity type and commission rate.

If the second option is preferred; the bank tries to cover the debt by converting the securities given as collateral into cash and buying the security subject to debt. If this option is preferred, the following is applied successively:

a. The collaterals are converted into cash enough to cover the debt and the security subject to debt is purchased and returned to the lender; thus the borrowed debt is covered.

b. If the portion of the collaterals enough to cover the debt is converted into cash but the entire debt balance can not be purchased, the portion of the security subject to debt which could be purchased is given to the lender. The remaining debt is covered by the transferring of cash to the lender.

c. If the collaterals can not be converted into cash enough to cover the debt, the portion converted into cash and the purchased portion of the security subject to debt are given to the lender. The remaining debt is covered by transferring the collaterals to the lender.

d. If the collaterals can not be converted into cash enough to cover the debt as well as the entire portion converted into cash and the security subject to debt could not be purchased, the purchased portion of the security is given to the lender. The remaining debt is covered by transferring cash and collaterals to the lender.

If the third option is preferred; the borrowed debt is covered by transferring to the lender the portion of the cash obtained through the sale of the collaterals enough to cover the debt. If this option is preferred, the following is applied successively:

a. The collaterals are converted into cash enough to cover the debt and by transferring the cash to the lender, the borrowed debt is covered.

b. If the collaterals can not be converted into cash enough to cover the debt, first of all obtained cash is transferred to the lender. The remaining debt is covered by transferring the collaterals to the lender.

If the fourth option is preferred; by mutual netting of the market value of the collaterals and the market value of the borrowed debt and transferring it to the lender, the debt will be covered.

Following the covering of the default debt on the next day of default by the transfer of securities, cash and collaterals, if there is still a debt balance, the parties of the transactions are provided by the bank ³counter party´ information to make them know the addressee of the debt and facilitate the collection of the receivable by the lender.

8.12.3. Default of Trading Commission and Financial Penalties

In case of non-payment of the trading commission at the maturity date as of 16:30, default interest starts to accrue after this time for the unpaid portion of the commission.

If the trading commission is paid at the maturity date until 17:00, the default interest rate is 50% of the average interest rate for O/N transactions forming in Takasbank Money Market on the same day and interest for_ day is accrued due to default.

In case the commission is paid after 17:00, the default interest rate is two times the average interest rate of O/N transactions formed in Takasbank Stock Exchange Money Market on the same day where the default interest amount is accrued for the days elapsing during the late payment.

If the transaction commission is not paid on the day of default, the default closing procedure mentioned in article 8.12.2. will be applied on the next day.

2/3 of the default interest collected is transferred to the lending Intermediary Institutions and 1/3 of the balance is charged by the bank as commission.

During the default period arising from trading commission, the Intermediary Institution is not allowed to trade in the market.

Article 8- AUTHORIZATION

The bank within one year following the opening of the market can make arrangements regarding the urgent and important issues for the operability and safety of the market which arise during the operation of the market and for which no provision is available in this regulation. Such arrangements are immediately informed to CMB and enter into force in the time and manner determined by CMB after being announced by the bank.

Article 9- OPERATIVE EFFECT

This regulation consisting of_ articles enter into force following the resolution of the Board of Directors of the bank dated_É_ and no.` and approval of Capital Markets Board through the announcement made by the bank regarding the opening of the market.