TAKASBANK-İSTANBUL TAKAS VE SAKLAMA BANKASI A.Ş.

TURKEY ELECTRONIC FUND TRADING PLATFORM IMPLEMENTING PRINCIPLES

CHAPTER ONE

Purpose, Scope, Basis, Definitions and Abbreviations

ARTICLE 1- Purpose and Scope

(1) The subject matter of this Implementing Principles is to stipulate the principles and procedures for the transactions to be conducted in Turkey Electronic Fund Trading Platform. Its purpose, on the other hand, is to define the membership, operating, default and commission principles of Turkey Electronic Fund Trading Platform as well as those for the trading of fund shares by the Platform members in the electronic environment, their custody, and the clearing and settlement of the transactions.

ARTICLE 2- Basis

(1) Turkey Electronic Fund Trading Platform Implementing Principles have been prepared based on the seventh paragraph of article 15 of the Communique No. III-52.1 on Principles of Investment Funds.

ARTICLE 3- Definitions and abbreviations

(1) The following terms used in this Implementing Principles shall have the following meanings;

1) **Exchange**: Borsa İstanbul A.Ş.,
2) **GDDS**: Government Domestic Debt Securities,
3) **Pension Investment Fund**: The assets established for the purposes of diversifying the risk and managing in accordance with the fiduciary ownership principles of the contributions received by the pension company pursuant to the pension agreement and monitored in the private pension accounts on behalf of the participants,
4) **EUR**: The currency of European Union,
5) **Fund:** The investment fund whose participation shares are issued under an umbrella fund,
6) **Fund Share:** The Fund Participation Share.
7) **Fund Distribution Institution ("FDI"):** The investment institution and portfolio management company intermediating to the fund share trading transaction in Turkey Electronic Fund Trading Platform.
8) **Lease Certificates:** TRY payable lease certificates issued by T.C. Hazinesi Varlık Kiralama A.Ş.
9) **Founder:** The Portfolio Management Companies,
10) **Board:** Sermaye Piyasası Kurulu,

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11) **MKK:** Merkezi Kayıt Kuruluşu A. Ş.,

12) **Qualified Investor:** Refers to a qualified investor defined in the relevant regulations of the Board,

13) **Operator Member:** An institution or the founder authorized by and trading on behalf of the founder in Takasbank system,

14) **Platform, TEFAS:** Turkey Electronic Fund Trading Platform,

15) **Portfolio custodian:** Takasbank and the banks and brokerage houses authorized by the Board to provide portfolio custody service,

16) **Custodian Member:** The institution which has signed a custody agreement with the Portfolio Management Company to provide custody service to the customers of such portfolio management company, and which has been authorized by the Board to engage in custody activities,

17) **SWIFT (Society for Worldwide Interbank Financial Telecommunication):** The international financial telecommunications network and messaging infrastructure,

18) **Settlement:** The entire process by which the obligations arising from transactions executed on the Platform are fulfilled by the members, within the time limits and under the conditions determined by Takasbank, through the transfer of cash and/or assets between the parties,

19) **Bank: Takasbank-** İstanbul Takas ve Saklama Bankası A.Ş.,

20) **CBRT:** Türkiye Cumhuriyet Merkez Bankası,

21) **Communiqué:** Communiqué on Principles of Investment Funds (III-52.1),

22) **Implementing Principles:** Turkey Electronic Fund Trading Platform Implementing Principles,

23) **USD:** The currency of United States of America,

24) **Member:** The fund founders, investment institutions and portfolio management companies which have signed a Turkey Electronic Fund Trading Platform Agreement and have been authorized to trade in the Platform,

25) **Value Deferral:** Postponing the value date to the next business day

26) **Foreign Currency:** The foreign currencies announced by the CBRT daily exchange rates,

CHAPTER TWO

Membership and Authorizations

ARTICLE 4- Institutions eligible to trade

(1) The fund founders, and the investment institutions who have received a license from the Board to engage in portfolio or trading brokerage activities and the portfolio management companies who have received a license from the Board to engage in fund share marketing and distribution activities are eligible to trade in the

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Platform. The members intending to trade as fund founder must sign the "Turkey Electronic Fund Trading Platform Founder Agreement", and those intending to trade as distributor must sign the "Turkey Electronic Fund Trading Platform Distribution Agreement".

(2) Operations of the Platform members can be temporarily or permanently suspended by Takasbank in case of any situation referred to in article 10 of the Implementing Principles.

ARTICLE 5- Application procedure

(1)) The institutions intending to trade in the Platform must convey to Takasbank the agreement(s) referred to in article 4 and signed by the company representatives with authorization in the signature circular of the relevant institution.

ARTICLE 6- Funds to be traded in the Platform

(1) Except for the funds on which trading obligation has been imposed by the Board, the money market funds, money market participation funds, short-term bonds and bills funds, hedge funds and short-term lease certificates participation funds requested to be traded in the Platform by the Founder may also be accepted to the system.

(2) For the funds traded or requested to be traded on the Platform, submission of the current prospectus and/or amendment form approved by the Capital Markets Board to Takasbank is mandatory and it is the responsibility of the founder.

(3) For the funds issued under a hedge fund, if the period between the date fund requested to be traded on the Platform and the Board approval the prospectus/amendment form exceeds three months, said funds can only be traded on the platform with approval of the Board after consultation to the Board by Takasbank.

(4) Should the activities of the Founder be suspended, whether or not the funds are continued to be traded in the Platform shall be determined by Takasbank on the basis of the fundamentals in the relevant decision made for the suspension of activities.

(5) It is responsibility of the founder to declare suspension of trading on sell side of the fund by the Board in written form to Takasbank. From the date declared to Takasbank, said fund will be taken to ''Passive'' status to block buy orders on Platform by Takasbank.

(6) For the funds that buying and selling suspended by the board, it is responsibility of the founder that it must be declared to the Takasbank in written form. From the date of declaration to Takasbank, fund will be in ''Trading suspended'' status in Platform and buy/sell orders will be blocked by Takasbank.

(7) Where the trading of a fund on the Platform is subject to the Founder's request, if the Founder requests the removal of the fund from the Platform after trading has started, the Founder will be responsible for submitting to Takasbank the up-to-date versions of the information and documents, such as the Board-approved prospectus/amendment form. The removal process will be carried out in accordance with the determined by the Board for the fund.

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ARTICLE 7- Authorization for use of Takasbank screens

(1) The Fund Founder and the FDIs must authorize their representatives who will trade in the Platform, in accordance with the principles and procedures stipulated by Takasbank. Revocation of given authorizations is also under the responsibility of the Platform members.

(2) The relevant Fund Founder/FDI is responsible for all transactions to be conducted by the representatives in the Platform by using their passwords allocated to them by Takasbank.

ARTICLE 8- Authorization for use of web service

(1) The authorization for the transactions conducted by the Platform member institution through the web service is made on the basis of the corporate user and the passwords. The use of this software is dependent on the Platform member's own choice and is under its own responsibility.

(2) For the transactions incoming through the web service, Takasbank checks only the correctness of the corporate user and password.

ARTICLE 9- Authorization of the operator member and the responsibilities

(1) All transactions and operations of the fund traded in the Platform must be performed by the Founder. On the other hand, the Founder may designate an "Operator Member" to perform these transactions and operations. The fund operator member being designated in Takasbank Custody System for each fund defined for trading in the Platform is also recognized as the Operator Member for the Platform. The Operator Member can be changed by the Founder any time it wishes. However, the institution to be authorized as Operator Member by the Founder must be a Platform member. The Founder intending to perform all Platform operations by themselves must revise the Operator Member definition automatically assigned in the system and designate themselves as operator member. If requested/will-be-designated Operator Member is different than current operating member or the founder, Operator Member change request has to be approved by current Operator member . Such revision shall be effective from the next business day.

(2) If another institution other than the Founder designated as Operator Member, all operations required to be performed by the Founder shall be carried out by the Operator Member and all liability arising from the transactions conducted by the Operator Member shall also jointly and severally belong to the Founder.

(3) For each fund being traded in the Platform, only one Operator Member can be authorized.

(4) Where an instution other than the Founder is designated as Operator Member and requests to designate another instution for this role, it may inform Takasbank this request that sent to the Founder. In this case, Founder will be given 1 month time for this change to take place starting from informing date of Takasbank. If said request is not fulfilled, Operator Member role will be designated as Founder for the relevant fund or funds by Takasbank by its own initiative.

(5) Takasbank may reject or suspend Operator Member requests for any fund(s) for ensuring proper function and integrity of the Platform.

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ARTICLE 10- Situations not eligible for trading

(1) The members:

a) If their activities are temporarily or permanently suspended by the Board; within the time period to be elapsed until delivery to Takasbank of the Board decision regarding that they can re-commence their activities. The members cannot trade in the Platform.

b) Any restriction imposed on the founder, does not relieve them of their responsibility of repurchase the fund shares sold through the Platform. Subject to the provisions of paragraphs (5) and (6) of article Six.

(2) If the institution trading in the Platform defaults on its debts 3 times in a period of 1 month to other members and Takasbank within the time periods set forth in the Implementing Principles, without prejudice to the provisions of Articles 23, 24, and 25:

a. If a default caused by FDI (Fund Distrubtion Instution), member cannot send a buy or sell order for 5 business days.

b. Default caused by Operator Member; buying and selling of such fund(s) shares will be halted by Platform and Board will be notified.

c. In determining 1 month' time period referred to in the item (b) above, the first and last business days of the relevant month are taken into account.

ARTICLE 11 – Responsibilites of Takasbank

(1) Takasbank shall be responsible for establishing and operating the infrastructure of the electronic platform, which is fully automated, integrated with the MKK system, and enables the subscription and redemption of fund units by fund founders through member institutions.

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(2) The fulfillment of obligations arising from fund buy and sell transactions submitted to the Platform shall be the responsibility of the relevant member. Takasbank shall not be held liable for any obligations of members arising from orders executed through the Platform towards other members or investors.

(3) The settlements of transactions on and during the settlement date shall be subject to the fulfillment of the members' obligations. Takasbank does not provide any guarantee or undertaking regarding the completion of settlement.

CHAPTER THREE

Operating Rules, Trading Principles

ARTICLE 12- Trading times

(1) Platform general operating rules shall be set by Takasbank. The transactions can be performed within the periods given below on the days in which Takasbank and MKK systems are open.

TRANSACTION TYPE	BUSINESS DAY TIME TABLE	HALF BUSINESS DAY TIME TABLE
Order acceptance - Same day value transactions - Forward value transactions	 09:00-13:30 09:00-17:45	 09:00-11:30 09:00-12:30
Unmatched order automatic cancellation - Same day value transactions - Forward value transactions	 13:35 17:50	 11:35 12:35
Value deferral time (Forward value transactions)	13:30	11:30
Settlement start time (TRY)	14:00	12:00
Settlement starttime (Foreign Currency)	12:00	-
Default start time (TRY)	15:00	12:30
Default start time (Foreign Currency)	15:45	-

(2) If the operating hours are changed, a general announcement will be made to the members.

(3) The Founder/Operator Member can set different trading times for the trading transactions of the fund shares of the relevant funds provided that they remain within the general operating hours and are defined to Takasbank system.

(4) Operating hours can be changed temporarily by Takasbank

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ARTICLE 13- Fund limitation information

(1) A restriction can be imposed by Takasbank on the limitation information. The limitation information (value date, margin rate, minimum trade amount, etc.) to be taken as the basis in the fund transactions must be defined to Takasbank system by the Operator Member provided that they remain within the designated limits. Limitation information about fund trading orders of Operator Member is only possible by if such information presented at the prospectus. For funds traded in foreign currencies, a limitation information is required for each currency. The limitation definitions being made can be revised by the Operator Member, if necessary. However, the revisions thereof shall become effective on the next business day.

(2) The revision of limitation information shall affect the transactions defined to Takasbank system after such revision becomes effective, and the orders and transactions waiting in the system before the revision shall not be affected.

(3) Keeping the limitation information up-to-date in Takasbank system is under the responsibility of the Founder/ Operator Member.

(4) For funds specified in the Communiqué and other relevant Board regulations concerning investment funds, where it is determined that fund share purchase/sale transactions will not be executed on days when the relevant foreign markets are closed, the Operator Member is required to define such days in the Takasbank system. The value date shall be deferred by taking account the defined non-business days. If there is, in the system, any instruction with a value date falling on and after a non-business day, it shall not be allowed to make a non-business day definition.

(5) For the funds that conduct transactions in foreign currencies, in cases where it is announced in the SWIFT system that EUR and/or USD transfers will not be processed on certain days, and no non-business day has been defined by the Operator Member, the system shall automatically define non-business days by taking into account the currency of the relevant fund. The non-business day definition shall be applied for all currencies of the relevant fund. The value date shall be deferred by taking into account the defined non-business days.

ARTICLE 14- Fund price information

(1) Fund share price is defined to the system in TRY and foreign currencies in which it is traded.

(2) On each business day, the applicable fund share price must be defined to Takasbank system by the Operator Member until the deadline set forth by Takasbank. For the funds whose price information are failed to be defined until 09:30, a warning message shall be sent to their operator member in electronic environment.

(3) The fund share prices defined to the system shall be used as the trade price for the transactions with same day value, whereas they shall be used to calculate the amount to be blocked for the future-dated transactions. In the execution of the future-dated transactions, the fund share price on the "price value date" shall be taken into account.

(4) For the funds which have no price information in the system, neither any order entry nor any transaction execution shall be allowed.

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(5) In case of any price change by the Operator, the members shall be informed in electronic environment. The same day value buying orders of the funds whose price has been changed shall be cancelled automatically by the system.

ARTICLE 15- Fund mergers and fund liquidation

(1) The information regarding the merged/merging fund being subject to the fund merger and the merger date and rate must be defined to the Platform by the Operator Member before the merger date by taking account of the value date of the fund. In case there is, during the definition, any order falling on and after the merger date for the transferred fund shares in the system, such orders shall be cancelled automatically and no order can be routed with a settlement date falling on or after the merger date.

(2) In case of any need to sell the amounts remaining below the minimum trade volumes due to the merger operations, the transactions can be conducted outside the Platform and in the CRS system by the members.

(3) If the sale of fund shares is suspended pursuant to article 30 of theCommuniqué , the responsibility for notifying Takasbank of such situation in writing shall belong to the Founder; and transmitting any buying order to the relevant fund from the notification date shall be prevented by Takasbank throughout the time period designated in the notification.

(4) Liquidation start and end dates of the relevant fund, shall be designated to the Platform accordance to the Board Approval form. No order with settlement date falling on the end date of liquidation can be routed to the Platform.

ARTICLE 16- Trading principles

(1) Order transmission to the Platform is made;

a) By entering to Takasbank screens by the member representatives,

b) Through the web service technologies.

(2) The priority in the transactions is applied on fund basis, according to the system entry time of the transaction.

(3) Transactions on the platform are carried out in TRY currency, except for the funds allowed to be traded also in foreign currency by the Board.

(4) Exchange of funds traded also in foreign currency is not carried out on half days. If the value of the realization coincides with half a day, the value is advanced to one day later. The price value is not advanced.

(5) The trading order are transmitted on customer basis by the FDIs. The customer account on whose behalf the order is given must have been defined in the MKK system and must be in a tradeable nature. If the customer account is a fund/pension investment fund account, the relevant account must have been defined in Takasbank system and must be in a tradeable nature.

(6) Shares of hedge funds may only be sold to qualified investors within the scope of the Platform. The customer account in which the order is entered should be defined as qualified investor in MKK system.

(7) For the orders defined by the FDIs to the system on behalf of the fund/pension investment fund, the fund share movements shall be directly executed from their accounts at Takasbank, whereas the cash movements shall be

executed from the FDI accounts. For the fund share movements, the approval of the portfolio custodian shall not be sought.

(8) If the FDI receives the custody service from another institution, the approval of the custodian institution shall be required in order for the trading orders defined to the system to be processed. In such a case, the cash and fund share movements shall be executed from the custodian institution's accounts.

(9) Through Takasbank system, the FDIs can monitor all orders they have transmitted to the Platform, the Operator Members can monitor the orders incoming to the funds for which they have been authorized, the portfolio custodians can monitor the orders incoming to the funds to which they provide portfolio custody service and the fund founders can monitor the orders incoming to the funds of which they are the founder.

ARTICLE 17- Allocation process of the shares trading in the Platform

(1) The Operator Member creates a "TEFAS-Pool Increase/Decrease" instruction in Takasbank system and increases or decreases the balance of the "Founder Platform Pool Account" defined under the Founder's "Issuer Account" at the MKK, in which the fund shares to be traded in the Platform are kept.

(2) The Operator Member can change the pool balance at any time provided that it is made during the general working hours of the Platform. In the pool, the Founder/Operator Member must maintain a sufficient balance that can cover the received buying demands accordance to the fund prospectus.

ARTICLE 18- Order Types

(1) When transmitting the fund share buying orders to the system, the FDI may prefer one of the three order types mentioned below:

a) **Cancel Remaining:** The outstanding units shall be matched. The unmatched portion of the order shall be cancelled.

b) **Keep Remaining:** A partial match shall be made until the required amount is completed for the order. The unmatched portion of the order at the cancellation time shall be cancelled.

c) **Fill All:** The order shall not be accepted to the system in case of no sufficient balance in the pool to entirely cover the transaction amount.

(2) If the Founder's account balance is inadequate, an order shall be created in the system by taking account of the selected order type.

ARTICLE 19- Order cancellations

(1) The unmatched fund share buying orders waiting in the system due to inadequate collateral can be cancelled at any time during the day they have been routed to the system, whereas the matched trading orders can be cancelled by the member entering the order until the cancellation deadline designated by the Founder/Operator Member. The matched orders of the funds whose book-building has been made on different days and settled on a future date can be cancelled at any time by the member entering the order until the cancellation deadline at the end of the book-building date designated by the Founder.

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(2) The waiting orders not matched until the order cancellation time due to inadequate collateral shall be cancelled automatically by the system. In determining the order cancellation time, the time designated by the Founder or the time earlier than the Platform general cancellation time shall be taken into account.

(3) The future-dated orders transmitted to the system and matched after the value deferral time can be cancelled by the Founder on the next day until the designated cancellation deadline.

(4) The matched orders can be cancelled automatically by the system for reasons such as fund mergers, price updates, etc.

ARTICLE 20- TEFAS limit and collateral

(1) For the purpose of accepting fund unit purchase orders submitted by members trading on the Platform into the system TEFAS limit shall be applied by Takasbank by taking into account the unsettled fund purchase orders submitted to the Platform. The TEFAS limit shall represent the cumulative amount of fund purchase orders that members may submit to the Platform against adequately valued collateral within the applicable collateralization ratio. For purchase orders exceeding such amount, valued collateral of at least 100% of the order amount shall be required. The applicable collateralization ratio shall be announced to the members by Takasbank.

(2)For the funds operated by its own FDI does not affect the TEFAS limit and do not involve the arrangement of collateral.

(3)Sell orders will be routed to the platform regardless of limit or collateral.

(4)The following types of collaterals are accepted to the platform(It is obligatory that one or couple of the collateral types have to be provided):

a) Cash (TRY, USD ve EURO)
b) Gold traded on the stock exchange
c) GDDS
d) Lease Certificates

(5)In determining the value of collateral, the valuation haircuts designated by Takasbank Board of Directors on the basis of collateral type shall be applied.

a) GDDS and lease certificated provided as collateral shall be valued based on the prices announced in the Official Gazette by the CBRT.
b) For GDDS, and lease certificates to be accepted as collateral, the entire security, including its principal and coupons, must be deposited as collateral. GDDS, and lease certificates shall not be accepted as collateral on the redemption date and if they have been separated. The redemption amounts of the GDDS, and lease certificates held as collateral shall be transferred to “TEFAS Collateral Account”. Ensuring the maintenance of collateral levels, considering the operational processes of redemption and coupon payments, is the responsibility of the member.

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c) Gold shall be valued over the weighted average USD/ONS price formed for T+0 transactions in the Exchange Precious Metals and Precious Stones Market's last session of the day on which the valuation is made, by the price calculated by using the CBRT foreign currency buying rate. If the transaction has not yet been completed, the weighted average price from the previous session is used.In order for the gold to be transferred to the member collateral account at Takasbank, it must be deposited over a member of the Precious Metals and Precious Stones Market via bank transfer during the working hours to the custody account of Takasbank at the Exchange Precious Metals and Precious Stones Market.
d) USD and EUR held as collateral shall be valued by using the CBRT foreign currency buying rate.

(6) Cash TRY amounts in "TEFAS Collateral Account" deposited by the members are accrued interest over the amount remaining after deducting the portion to be set aside as compulsory reserve, if any, with the best possible conditions by Takasbank by taking the credit risk and liquidity conditions into consideration. The accrual process is performed within the limits of Takasbank by way of depositing the amount subject to the interest to the banks as either deposit or depo and making it subject to a repo transaction. Takasbank can also place the cash collateral to the organized money markets for interest accrual purposes. Interest accrual may not be made in extraordinary market conditions. No interest shall be paid if the interest accrual is failed to be made by Takasbank due to market conditions.

(7) The interest accrual process shall be performed over TRY balance available at 15:45 in "TEFAS CollateralAccount". The amount remaining in the ''TEFAS Collateral Account'' after the deduction of the member's obligations shall be taken into consideration. Withdrawal of TRY amount debited for interest accrual purposes at 15:45 shall not be allowed. TRY amounts credited to that account after 15:45 shall not be added to the amount on which interest is to be accrued. Interest accrual deadline on half business days is 12:10 and no interest shall be accrued on Turkish Lira collateral deposited after that time.

(8) No interest will be paid for "TEFAS Foreign Currency Debt Closing Account" amounts.

(9) TRY interest income remaining after deducting the BITT and other similar legal costs together with "Takasbank Collateral Monitoring and Interest Accrual Fee" from the gross interest amounts shall be credited to cash collateral accounton the next business day.

(10)The members wishing to receive no interest must convey their request to Takasbank in writing.

(11)For fund purchase orders submitted up to the member's TEFAS limit, the member shall maintain sufficient valued collateral in accordance with the collateralization ratio determined by Takasbank. Orders submitted within this limit shall be accepted by the system and processed. Orders exceeding the member's TEFAS limit shall also be accepted by the system; however, in order for such orders to be processed, the member shall deposit additional collateral sufficient to fully cover the relevant orders. Orders remaining pending due to insufficient collateral until the order cancellation deadline shall be cancelled automatically.

(12)Amounts in the foreign currency are included in the collateral as TRY equivalent at the CBRT foreign exchange buying rate.

(13)Should the buying orders be placed over the units, the trading limit shall be decreased at the current price in the system for the same day value transactions and at the price calculated by including the margin rate defined

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for the relevant fund in the system for the future-dated transactions, and if the buying orders be placed over the amount, collateral will be checked by the system.

(14) For purchase orders given in foreign currency, there will be a collateral checkby TRY equivalent at CBRT foreign exchange selling rate.

(15) If the FDI receives the custody service from another institution, collateral of the custodian member must be sufficient in order for the orders transmitted to the system to be executed.

ARTICLE 21- Fund share trading process

(1) The buying orders can be transmitted over the units and/or amounts depending on the preference of the founder, whereas the selling orders can only be transferred over the units.

(2) The order shall not be processed if the customer account given in the transmitted orders is not operatable in the MKK system and if the customer fund/pension investment fund subject to the account is also not operatable in Takasbank system.

(3) If the customer account is not qualified investor in MKK system, the order shall not be processed in the purchase instructions submitted for the shares of hedge funds.

(4) Forward value-dated fund subscription and redemption instructions with an amount below the minimum TRY amount determined by Takasbank shall not be accepted into the system. For the funds that allow instructions to be submitted in foreign currencies, instructions with an amount below the minimum TRY amount shall not be accepted into the system, where such amount is calculated by taking into account the equivalent amount corresponding to the minimum TRY threshold and the CBRT foreign exchange selling rate. Provided that all fund shares subject to sale in the customer's account are sold in full, fund selling transactions may be executed even if the transaction amount is below the minimum amount. In case of any change in the minimum amount determined by Takasbank, a general announcement shall be made to the members.

(5) On the day in which the order is defined to the system, the fund shares up to the units subject to the order shall be blocked;

a) in the Founder Platform Pool Account for the buying transactions,

b) in the customer account for the selling transactions.

(6) For the buy orders;

a) The order shall be matched to the extent that collateral of the member transmitting the order is sufficient and the Founder's Platform Pool Account balance is available.

b) The buy orders failed to be matched because of unavailability of the Founder's Platform Pool Account albeit the FDI'scollateral is sufficient shall be cancelled in the manner indicated in the FDI's order or waited in the system for matching. The orders waited in the system for matching shall be matched according to the order of priority to the extent the balance of the Founder Platform Pool Account becomes available.

c) In cases when the Founder Platform Pool Account balance is sufficient but the member's trading limit is not available, the order shall be accepted to the system in the "waiting collateral" status and

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the number of fund shares subject to the transaction shall be blocked in the Founder Platform Pool Account. If the limit does not become available until the order cancellation deadline, the order shall be cancelled and the fund shares blocked in the pool shall be released.

(7) For the sale orders; the fund shares shall be blocked and the order shall be matched to the extent there are adequate fund shares in the relevant customer account in the MKK system at the moment the order is entered to the system.

(8) For the sale orders transmitted to the system by the FDIs on behalf of the fund/pension investment fund, the fund shares shall be blocked in the fund's blockage sub-account at Takasbank and matched accordingly.

(9) On fund share buy orders, collateral equal to buy order must be recieved in cash by order router or custodian member. Since Takasbank does not hold cash accounts of individual investors, if a member can't fulfill its obligations to Takasbank can't be hold liable of the consequences.

(10) The sale transaction of the fund shares subject to sales in the customer account can be executed below the minimum buy-back amount provided that all shares are made subject to the sale.

(11)The matched future-dated fund share trading orders shall be kept waited in the system until the value date. On the value date, they shall be processed over the fund share price entered to the system by the Operator Member and to be applicable for the transactions.

(12)The cash amounts of the matched orders waiting in the system shall be netted-off on the value date will be reported at 14:00 for TRY orders at 12:00 for foreign currency orders. The Platform member shall be debited or credited up to the transaction amount.

ARTICLE 22- Debt closing, receivable distribution

(1) Cash amounts of the trading transactions will be included in settlement on the value date at 14:00 for TRY at 12:00 for foreign currency. The fund share transfers shall be performed on an order basis.

(2) In the reporting of cash obligations, receivables and payables shall be reported on a gross basis and shall not be net ted, except for the instructions submitted in respect of the funds for which the FDK acts as the Operator Member.

(3) TRY cash obligations shall be fulfilled by making payment to "TEFAS Cash Debt Closing Account" until 15:00 and shall be made by member.

(4) Foreign currency cash obligations shall be fulfilled by making payment to "TEFAS Foreign Currency Cash Debt Closing Account" until 15:45 and shall be made by member.

(5) Cash debt obligations of orders routed as FDI or Operator Member will be executed based on priority in time, except 6th and 7th clauses of this article

(6) Fullfillment of cash debt obligations can be made by member FDI or/and Operator Member based on chosen fund and can also be fulfilled by designating amount.

(7) For Funds for which the Member acts as the Operator, the Member may select the Fund when fulfilling its cash payment obligations. However, no instruction-based prioritization may be applied to payments made in respect of the selected Fund.

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(8) When fulfilling cash payment obligations, if the amount available in the cash payment account is sufficient to cover the full amount of the next instruction in the queue, the payment shall be executed. If the available amount is insufficient, the relevant amount shall remain pending in the cash payment account.

(9) As Members fulfill their cash payment obligations, the relevant cash amounts shall be transferred to the Platform Pool Account. Cash receivables shall be transferred to the Members that are entitled to receive payment in respect of the instructions for which the cash payment obligation has been fulfilled, and the corresponding Fund unit transfers shall be executed. Fund unit transfers shall be carried out on an instruction-by-instruction basis.

(10)The Members' cash receivables denominated in Turkish Lira shall be transferred to the "TEFAS Cash Receivables Distribution Account", while cash receivables denominated in foreign currencies shall be transferred to the "TEFAS Foreign Currency Cash Receivables Distribution Account".

(11)Instructions submitted for the funds for which FDIs act as operators shall not affect the cash debit and cash receivable amounts. The settlement of such instructions shall be carried out following the fulfillment of the Member's obligations, if any, arising from the funds for which it acts as the FDI or the operator vis-à-vis other Members; otherwise, such settlement shall be settled immediately.

(12)The completion of the debt settlement and receivables distribution processes within the relevant period is subject to the Members' timely fulfillment of their cash debit obligations. Takasbank makes no representation, warranty, or undertaking that such processes will be completed on the settlement date or within the relevant period.

CHAPTER FOUR

Default

ARTICLE 23- Default Principles

(1) The member failing to fulfill its TRY cash obligation at 15:00, foreign cash obligation at 15:45 on the value date shall be deemed defaulted without the need for any notice and shall pay default interest.

(2) In determining the default, members obligation fullfillment time for TRY and Foreign Currencyshall be taken into account.

(3) Default stiuations arising from the Member's capacity as a FDI and default events relating to the funds operated by the Member shall be monitored separately.

(4) If, while performing its obligations, the amount available in the default settlement account of the defaulting Member is insufficient to fully cover the amount of the next instruction in the queue, the Member may settle the outstanding obligation only on the value date and as of the time determined by Takasbank, in accordance with the procedures set out below.

a. For the obligations arising from the Member's capacity as a FDI, if the outstanding buy order cannot be settled due to insufficient funds, such buy order shall be skipped and the payment process

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shall continue with the subsequent orders. Payments shall be made sequentially for the orders for which the available balance is sufficient to cover the full order amount. If, ultimately, no further order remains that can be fulfilled with the balance allocated for the discharge of the obligation, the remaining balance shall be kept in the debt settlement account.

b. For obligations arising from the Member's capacity as an Operator, partial payment shall be accepted for the next outstanding sell order relating to the fund for which the Member has elected to make payment. The amount corresponding to the fulfilled portion of such partially paid sell order shall be transferred to the creditor Member that is the counterparty to the relevant order. However, no transfer of the fund units shall be effected, and the relevant fund units shall remain blocked in the investor account until the cash obligation under the relevant order has been fulfilled in full.

(5) The member shall be obliged to pay the default interest accrued to its name on the same day. Any default interest amount failed to be paid shall be ex-officio collected from the free account of the member.

(6) In case the member does not fulfill the debt subject to FDI title caused default on the value date, Takasbank gives the member time for fulfillment until 11:00 on the working day following the value date at the latest. If the member does not fulfill the debt subject to FDI title caused default at the end of the given period, Takasbank shall refer to the collaterals held against the buy orders of defaulting member. In cases where the receivables of Takasbank are required to be covered from collaterals because of due to the default of the Member, then Takasbank shall be entitled to sell the asset given as collateral with the best effort in the organized markets or over stock market and cover its default amount and interest from the sale proceeds thereof, without having any obligation to fulfill any precondition such as serving any notice or warning, allotting time, obtaining a permission or approval from the administrative or judicial authorities, converting collateral into cash through an auction or another way, etc. Takasbank decides which collaterals of the defaulting TEFAS member will be converted into cash, considering its liquidity and its effects on the markets. Where the collateral realized can't cover the default, amount may be transferred to creditor members to the extent and on the date that the defauilting member has fulfilled its obligations.

(7) If the default is not compensated on the value date, it shall be essential that cash obligations be fulfilled on a fund-by-fund basis, in the order of the value dates, for funds for which the member acts as the FDI and/or operator. For funds for which the member acts as the operator, the approval of the portfolio custodian serving the relevant fund shall also be required for the fulfillment of the cash obligations. Payment of the default interest may be effected once the outstanding cash obligation relating to the relevant fund, for which the member acts as the FDI and/or operator, has been fully discharged.

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(8) In the event of payment of the default interest, where the cash obligation subject to default no longer continues but the default interest is not paid within three (3) business days, a late payment charge of up to ten percent (10%) of the unpaid default interest amount shall accrue for each day of delay until the date of payment, to be collected following the collection of the relevant default interest. Takasbank reserves the right to apply the provisions of the second paragraph of Article 10 in cases where collection by way of ex officio recovery is not possible.

(9) In fund unit sale orders executed through TEFAS, the counterparty to the transaction shall be the Founder/Operator Member, and accordingly, no collateral shall be required to secure the member's obligations in the event of default. Therefore, if the defaulting member performs its obligations, the relevant receivables may be transferred to the creditor members to the extent of such performance and as of the date on which it is performed.

ARTICLE 24 – Default Interest

(1) In calculating the default interest, the higher of the CBRT late liquidity window (LON) lending interest rate and the overnight weighted average interest rates formed in the repo-reverse repo markets established by the Borsa, in which the government securities are traded, the CBRT Interbank Money Market or Takasbank Money Market shall be used. In the calculation, the interest rate designated for each day in the period elapsed from the value date to the day on which the debt is closed shall be used.

(2) The default interest shall be calculated based on the number of calendar days between the value date of the transaction and the date on which the obligations have been fulfilled. For obligations fulfilled by the end of the day on which default occurs, default interest is calculated based on a single day.

(3) In calculating the default interest, the haircuts given in the following table shall be used depending on the time of fulfillment of the obligation.

TYPE OF OBLIGATION	BUSINESS DAY TIME INTERVAL	HALF BUSINESS DAY TIME INTERVAL	HAIRCUT
CASH (TRY)	15:00-15:30	12:30-13:00	0.5
	After 15:30 with the same day value	After 13:00 with the same day value	1
	After the value date	After the value date	2
CASH (FOREIGN CURRENCY)	15:45-16:30	-	0.5
	After 16:30 with the same day value	-	1
	After the value date	-	2
FUND SHARE PRICE DISLOSURE	Price disclosure made after the cut-off time or not made at all	Price disclosure made after the cut-off time or not made at all	904 TRY

(4) Total default interest amount calculated by the following formula shall be accrued to the relevant institution:

Default interest = Default Amount * Interest Rate * Haircut * Day/ 360

For foreign currency obligations default amount calculated by the following formula:

Default Amount = Default amount in foreign currency * CBRT foreign exchange buying rate on the date of debt closure.

(5) In case of a default objection, the member for whom default interest is accrued can apply to Takasbank with a letter containing the reason for the objection and explanations, within 3 working days at the latest from the date of accrual of the default. If the objection is found to be justified in the evaluation made by the Default Committee established within Takasbank, no default interest is applied, and if collected, the relevant amount is returned to the member.

(6) The Operator Member who have not defined its fund share price (for each currency traded) disclosure obligation to the system as at the time set forth by Takasbank and have fulfilled its obligation with delay shall be obliged to pay the fixed late payment fee given in the table for each single day on which it has made delayed disclosure.

ARTICLE 25- Compensation Payment

(1) 2/3 of the default interest collected from the defaulting member shall be paid as compensation payment to the free current account at Takasbank of the member who have failed to receive its cash receivable on the value date due to the default of the counterparty, albeit it has fulfilled its obligation. If, on the other hand, the member wishing not to receive any compensation payment informs Takasbank in writing of its request thereof, no payment shall be pay to the member. The compensation payments are calculated on a daily basis. In order for the compensation payment to be made, the payment failed to be executed on the same day should not have been resulted from any problem arising from Takasbank's, MKK's and CBRT's systems and the written objection of the defaulting member should have been regarded as invalid and a default interest should have been collected.

CHAPTER FIVE

Commissions

ARTICLE 26- FDI brokerage commission

(1) The brokerage commission is the commission paid to the FDIs from the fund account at Takasbank.

(2) No brokerage commission shall be calculated for the transactions conducted by the Founders in their capacity as FDI for their funds.

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(3) The brokerage commission rate is a certain percentage of the fund management fee defined to the system by the Operator Member.

(4) The commission rate shall be defined to Takasbank system separately for each fund by the Operator Member. The brokerage commission rate and the fund management fee rate must be defined to the system by the Operator Member.

(5) The brokerage commission can be defined as a “general commission rate” and “special commission rate”. Defining any “general commission rate” different from the rate determined by the Board is not permitted by the system. A “special commission rate” may also be defined on a member basis for the institutions with which the Founder has made an exclusive agreement, provided that such rate remains within the range of minimum and maximum limits.

(6) The rate of the fund management fee can be changed by the Operator Member at any time, however the rate of the brokerage commission can only be changed on quarterly basis.

(7) In determining the brokerage commission rates, January-March, April-June, July-September and October-December periods are taken as the base. These periods can be changed by Takasbank by serving an advance notice to the members. Any change in the brokerage commission rate, provided that it is made until 20th day of the last month of the relevant period at the latest, shall be applicable for the transactions of the next period. Changes to be made after that date shall be applicable for the subsequent period.

(8) Any change made in the fund management fee and brokerage commission rates of the funds traded in the Platform shall be informed to the members in electronic environment.

(9) In calculating the brokerage commissions, the number of fund shares carried by the FDI at the end of the day as a result of the trading transactions it has conducted in the Platform.

(10) In the calculation made on a daily basis, the commission to be paid to the FDI is computed by the following formula;

Brokerage Commission = Number of end-of-day fund shares * Share sales price applicable to the fund share * Fund Management Fee Rate * Brokerage Commission Rate

(11) The total commission amount of the previous month shall be determined on the first business day of each month and transferred from the Fund account to the FDI’s account upon approval of the Operator Member. The brokerage commissions of the portfolio management companies that they have conducted in their capacity as FDI shall be calculated on behalf of the relevant portfolio company.

(12) In the commission calculation detail submitted to the approval of the Operator Member, a revision can be made in the daily stock information by entering the explanation thereof by the Operator Member, if necessary. Should such a change be made, the daily stock information kept in Takasbank system shall be updated and the commission shall be re-calculated.

(13) The FDI commission calculated for each month shall be paid until the end of the fourth business day of the subsequent month. Any amount failed to be paid within such time period shall be collected ex-officio by Takasbank from the free current account of the fund on the next business day. Founder/Operator are responsible from the amounts that can’t be collected.

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ARTICLE 27- Takasbank commissions

(1) The below-mentioned three types of commissions shall be charged in the Platform:

a) **Membership Entrance Fee:** A one-time membership entrance fee shall be collected on a fund basis from the Founder for the funds to be traded in the Platform. Amounts not paid at the time of fund definition are collected ex-officio from the member's free current account by Takasbank on following business days.

b) **Membership Fee:** The fee which is charged on a monthly basis to all institutions (Founders, Operator Members and FDIs) becoming a member to the Platform and collected from the members' free current account on the first business day of each month. Amounts not paid at the time of fund definition are collected ex-officio from the member's free current account by Takasbank on following business days.

c) **Trading commission:** The commission which is collected from the transactions conducted in the Platform and determined in accordance with the second paragraph of this article upon proposal of the Board of Directors. The trading commission shall be paid until the end of the fourth business day of the subsequent month. Any amount failed to be paid within such time period shall be collected ex-officio by Takasbank from the free current account of the member on the next business day.

(2) The fee and commission rates to be charged pursuant to the first paragraph by Takasbank shall be determined in accordance with article 35 of the Regulation on the Establishment and Operating Principles of Central Clearing and Settlement Institutions published in the Official Gazette dated 30.05.2013 and numbered 28662.

CHAPTER SIX

Final Provisions

ARTICLE 28- Measures to be taken in extraordinary situations

(1) Takasbank shall be authorized to determine the measures to be taken in case of occurrence of any extraordinary situation where it foresees the operations and reliability of the Turkey Electronic Fund Trading Platform may be adversely affected, and to implement these measures accordingly. In the situation mentioned, Takasbank is the authority to change transaction hours, cease the order transmission and take the precautions of any nature.

ARTICLE 29- Enforcement

(1) This Implementing Principles shall enter into force on the date of its announcement by Takasbank upon its approval by the Board of Directors and the receipt of the favorable opinion of the Capital Markets Board.

ARTICLE 30- Execution

(1) The provisions of this Implementing Principles shall be executed by Takasbank Board of Directors.

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