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	Subject	The Changes In The Volatility Based Measures System
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	From	Audit and Surveillance Board
	To	Members

Dear Members

The Volatility Based Measures System (VBTS, System) has been in place in accordance with the Capital Markets Board's decisions for shares traded at Borsa Istanbul's Equity Market in order to ensure fair and efficient operation of the markets and to protect investors from the risks associated with extreme volatility. With the aim of improving the efficiency of the System so as to reflect the changing market conditions and in light of recent developments including the changes in the trading rules of Borsa Istanbul Equity Market, increased volatility observed in prices of shares traded at the Equity Market, and the decisions taken by the Capital Markets Board of Turkey and Borsa Istanbul to regulate price volatility, it is decided to make the changes summarized below regarding the measures of the Volatility Based Measures System.

1. *Two new measures are added to the VBTS.*

In the existing system, there is a three-stage measures framework which comprises “Prohibition of Short Selling and Margin Trading”, “Gross Settlement”, and “Single Price Trading Method” measures. In the updated system, there will be five different measures with the addition of the following two measures:

- “Order Package” (Prohibition of Market Order and Market-to-Limit Order, Prohibition of Order Cancellation, Price Worsening and Volume Decreasing Order Amendments and Restricting Data Dissemination During Order Collection Phase of Call Auctions)
- “Restricting Order Transmission Channels (Prohibition of Order Submission Through Internet)”.

2. *Measures will be applied respectively starting from the first measure that is not defined externally as a trading principle of the share.*

Measures defined in the system will be applied in the order of “Prohibition of Short Selling and Margin Trading”, “Gross Settlement”, “Order Package”, “Single Price Trading Method”, and



“Restricting Order Transmission Channels (Prohibition of Order Submission Through Internet)”.

On the other hand, if a measure or any component of a measure has already been applied as a result of the trading principles of the Market/Platform in which the related share is traded, Capital Market Board’s decision, Borsa Istanbul’s measure or for any other reason, the next stage measures will be applied starting from the first measure that has not yet been set as a trading principle of the related share. In this respect, if a measure that has already been defined externally occurs in the system, either undefined components of the measure will be implemented with respect to VBTS or if there is no undefined component of the measure, next stage measure will be applied.

Similar to the current operating rule, in case a next stage measure occurs in the system while another measure is being implemented, the previous stage measures’ end date will be prolonged until the end of the new measure’s implementation period.

3. Measures to be taken under the VBTS will be evaluated separately from the trading principles of the shares.

Measures taken in accordance with the VBTS will be implemented until the end date of the measure’s implementation period irrespective of the validity period of other practices including market structure, sub-market changes, and others.

Accordingly, if the measures that are implemented due to external reasons such as trading principles of the Market/Platform where the share is traded, Capital Markets Board’s decision, Borsa Istanbul’s measure or any other reason are removed for the same external reason before the end date of the VBTS’s implementation period, it will not affect the end date of the measure’s implementation period and the measure will remain valid under VBTS. Moreover, if a new measure occurs while the measures are being implemented, the next stage measure will be determined based on the current measure stage.

In this framework, in the event of a transition to up-markets, VBTS measures on the shares will be executed until the end date of the measure’s implementation period and related trading principles will be updated according to new market/platform in which the share is included after the VBTS measure ends. In case of a transition to lower-markets, new trading principles will be defined in addition to the current VBTS measures as of the transition date.



4. *Implementation period of the measures will be updated as “1 month”.*

Implementation period of measures, which in current practice is set as “15 days” for all measure phases, will be changed to “1 month”.

As in the existing practice, if conditions arise that necessitate the implementation of measures, information about the shares on which the measures will be applied, the measures that will be implemented, and the start and end dates of the measures will be announced to the public through the Public Disclosure Platform after the market closes on the relevant date.

In this framework, the revisions to the Volatility Based Measures System, its measures, and implementation principles of the measures which are summarized above will be effective as of November 15, 2021.

Kindly submitted to your information and to your consideration for necessary actions.

Korkmaz ERGUN
General Manager
Board Member