



**BORSA  
İSTANBUL**



**VIOP  
GOLD  
FUTURES**

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## About ViOP

**VIOP** is fully electronic exchange utilizing Nasdaq's high-performing GENIUM INET technology, which features a transparent central limit order book and real-time trade reporting functionality along with robust pre-trade risk management capabilities.

In VIOP, financial derivatives started to be traded in December, 2012. Turkish Derivatives Exchange (TURKDEX) and Borsa Istanbul Futures & Options Market (VIOP) trading platforms have merged as of August 5, 2013. Following the merger, all futures and option contracts in Turkey shall be traded on a single platform under the umbrella of VIOP.

Future and option contracts mentioned below are traded in BISTECH trading platform of the derivatives market of Borsa Istanbul in a trustworthy, transparent, effective, stable, fair and competitive environment.

### Futures:

- Single Stock
- BIST 30 Index
- USD/TRY, EUR/TRY, EUR/USD, RUB/TRY AND CNH/TRY
- SASX 10 Index
- Steel Scrap
- FBIST ETF
- Monthly and Quarterly Overnight Repo Rate
- Gold and USD/Ounce Gold
- Aegean Cotton, Anatolian Red Wheat and Durum Wheat Futures
- Monthly, Quarterly and Yearly Base-Load Electricity

### Options:

- Single Stock
- BIST 30 Index and Mini BIST 30 Index
- USD/TRY

Regarding the futures and options contracts, Istanbul Settlement and Custody Bank Inc. (Takasbank) serves as the clearing house for the trades executed on the Market. This document contains, in addition to basic information on futures and option contracts, information on gold contracts traded on Borsa Istanbul.

## Borsa İstanbul ViOP : Fast, transparent, liquid and secure investment environment

You can take the advantage of rapid access and transparent environment in order to gain the best possible return by trading the gold futures through VIOP operating system which is completely electronic. You can apply flexible investment strategies offered on a liquid trading environment.

### ViOP offers another way of trading gold which bring along many opportunities below:



### Start Trading Today

Trading at VIOP is quite easy. Opening an account at a VIOP member, informing the member about trading decisions and depositing the required margin are enough for trading.

For further information, please contact any VIOP member or visit the links given below

<http://www.borsaistanbul.com/en/members/members-list?y=21>

<http://www.borsaistanbul.com/en/products-and-markets/markets/derivatives-market-viop/market>

<http://www.borsaistanbul.com/en/products-and-markets/products/futures/precious-metals-futures>





## Contract Size Amount of Gold Is Traded Through a Gold Futures Contract

By trading a gold futures contract, you buy or sell TRY/Gr or USD/Once Gold Futures Contract. Through a gold futures contract, contract size amount of gold, which is the underlying security of the contract, is bought or sold.

### Contract Size:

TRY/Gr Gold Futures Contract = 1 gram pure gold  
 (Through a TRY/Gr gold futures contract with the price of TRY 100 when one contract is traded the amount of the position is  $100 * 1 * 1 = \text{TRY } 100$ .)

USD/Once Gold Future Contract = 1 once pure gold  
 (Through a USD/Once gold future contract with the price of USD 1,197 when one contract is traded -USD/TRY currency: 3.6930- the amount of the position  $= 1,197 * 1 * 1 * 3.6930 = \text{TRY } 4,420.521$ )

By trading Gold Futures Contracts, you can buy or sell the future price of gold underlying the contract as of today with forward buying (or forward selling) liability. For example, when you buy a TRY/Gr Gold Futures Contract, you may assume that you buy 1 gram pure gold. Through a TRY/Gr Gold Futures Contract, you lock the profit/loss of 1 gram pure gold.



## Contract Months of ViOP Gold Contracts are Standard

Contract months of TRY/Gr Gold Futures Contracts and USD/Once Gold Futures Contracts are February, April, June, August, October and December. Contracts with three different months nearest to the current month shall be traded concurrently. For example, in November 2017 tradable contract months of gold contracts are as follows:

### Gold Futures Contracts:

- December 2017, February 2018, April 2018

### Expiry Date and Last Trading Day:

- Expiry date and last trading day of gold contracts are the last business day of each contract month.

## Gold Futures Contract codes includes specifications

### Gold Futures Contract code;

Includes the type of contract, underlying asset code, mini contract code, expiry date.

<b>Example</b>	F_XAUTRYM0817		
<b>F</b>	XAUTRY	M	0817
<b>Futures</b>	Underlying Asset Code	Mini Contract Code	Expiry Date (August 2017)

<b>Example</b>	F_XAUUSD1017	
<b>F</b>	XAUUSD	1017
<b>Futures</b>	Underlying Asset Code	Expiry Date (October 2017)

## Settlement Procedure of VIOP Gold Contracts

At the end of the last trading date, the open positions on the gold futures contracts will automatically be closed by Borsa İstanbul with cash settlement. The price which constitutes the bases for profit/loss calculations at the expiry date is the final settlement price which is determined for each futures contract as follows.

### TRY/Gr Gold Futures Contracts:

LBMA Gold Price P.M. (released by ICE Benchmark Administration in the afternoon), shall be converted to TRY/gram price and called as the final settlement price. In calculations, the average of US Dollar selling and buying rate announced by the Central Bank of the Republic of Turkey at 15:30 (for USD/TRY conversion) and 31.1035 (for ounce/gram conversion) shall be used as the conversion factors.

### USD/Once Gold Futures Contracts:

LBMA Gold Price P.M. price (released by ICE Benchmark Administration in the afternoon), shall be used as the final settlement price.

## VIOP Gold Contracts Price Quotation and Minimum Price Tick

TRY/Gr Gold contracts shall be quoted in terms of Turkish Lira, USD/Once Gold contracts shall be quoted in terms of US Dollars.

### TRY/Gr Gold Futures Contracts:

Minimum price tick is TRY 0.01. The value of the price tick of the contracts of which contract size is 1 gram pure gold is equal to TRY 0.01 (0.01\*1). This amount is the profit/loss that you obtain from a contract when the price of the contract changes as much as a price tick.

### USD/Once Gold Futures Contracts:

Minimum price tick is USD 0.05. The value of the price tick of the contracts of which contract size is 1 ounce pure gold is equal to USD 0.05 (0.05\*1). This amount is the profit/loss that you obtain from a contract when the price of the contract changes as much as a price tick.





## ViOP Gold Futures Contracts Trading

On 24.11.2017; when the best bid price on F\_XAUTRYM1217 contract is 102 and the best ask price is 104, it is possible to sell this contract at 102 or buy at 104 immediately. If these prices are not favorable for you, you can send a new order. For example, when you send a buy order at 103, the best bid will be yours and if there is a volunteer to sell the contract at that price, then the trade is executed.

On this contract the price that you entered is the value of 1 gram gold in Turkish Lira currency. When the buy order that you send for a contract matches, you are the long side on a 1 gram contract. The value of the contract you buy at 104 is TRY 104 ( $1*1*104$ ).

You may keep the long position on this contract until the expiry date or you may sell the contract before the expiry date so you close out your position.

SCENARIO 1	SCENARIO 2
Before the expiry date	If you wait until the expiry date
<p>When you sell a F_XAUTRYM1217 contract, your net position on this contract is 0.</p> <p>You gain TRY 4 (<math>((108-104)*1*1)</math>) profit, by selling the gold futures contract, which you bought at 104, at 108.</p>	<p>You make profit/loss as the difference between the final settlement price which is LBMA Gold Price P.M. price (released by ICE Benchmark Administration in the afternoon), converted to TRY/Gr price using the average of US Dollar selling and buying rate announced by the Central Bank of the Republic of Turkey at 15:30 (for USD/TRY conversion) and 31.1035 (for ounce/gram conversion) and the price at which you bought the contract. For example, if the final settlement price is calculated as 110, you make profit of TRY 6 (<math>((110-104)*1*1)</math>).</p>

It is enough to deposit the initial margin in order to take position on Gold futures contracts. The margin is required to be more than the initial margin as long as you keep your position. The profit/loss is calculated for your positions considering daily settlement price and it is reflected to your account.



## Trade Example of Gold Futures Contracts: Buying Gold on SPOT Market vs. Buying Gold on VIOP

Assume that you expect that the gold prices will rise until the end of November on 15.11.2017 and you intend for buying 1 kg pure gold. You need TRY 101,840 for 1 kg gold when the price of 1 gram gold on spot market is TRY 101.84.

You can execute the same trade on VIOP by using TRY/Gr Gold Futures Contracts in exchange for a certain amount of margin. When you buy 1,000 of F\_XAUTRYM1217 contract, which is traded at 106.11 on 15.11.2017 and of which contract size is 1 gram pure gold, you have a position equal to TRY 106,110. In order to execute this trade, you need to deposit TRY 15,000 which is calculated for 1,000 contracts according to the parameters valid on that date.

Suppose that your expectation comes true and gold is traded at 102.35 on spot market on 25.11.2017, F\_XAUTRYM1217 contract is traded at 106.63 on VIOP.

**If the trade is executed on spot market** and you sell 1 kg gold on 25.11.2017, you make a profit of TRY 510 ( $1,000 * (102.35 - 101.84)$ ). This approximately equals 0.5% gain.

**If the trade is executed on VIOP** and you close out 1,000 long position related to F\_XAUTRYM1217 contract on 25.11.2017, you make a profit of TRY 520 ( $(106.63 - 106.11) * 1,000$ ). You obtain 3,5% gain due to the leverage ratio. Additionally, the collateral you deposited as margin is accrued interest during this time.

For 1,000 Gr  
Pure Gold  
Position

SPOT

$1,000 * 101.84 = \text{TRY } 101,840$

VIOP

$1,000 * 15 = \text{TRY } 15,000$

You can invest the TRY 86,840  
on any instrument.





## Are VIOP Gold Contracts Risky Instruments?

It is quite important for investors trading VIOP Gold contracts to know the risks of these contracts. If these contracts are traded unhedged, it may be risky depending on the position side.

### Remember!

If your expectations on the price of underlying security go wrong, it is not possible to make money from gold contracts.

- Contracts with reasonable leverage ratio should be preferred. As leverage ratio provide high profit, it may cause high losses.
- It is possible to avoid from the risk of a contract with the positions on other contracts.

### Initial Margin and Leverage Ratio

Initial margins related to VIOP Gold contracts is determined using BISTECH Margin Method, which is based on portfolio based risk management algorithm by Takasbank. Leverage ratio is the ratio of the amount of the position on a contract to the initial margin of that contract on which is required to open a position.

Information related to initial margins and leverage ratios of VIOP Gold contracts is given in the table below.

Contract	Initial Margin*	Price	Position Exposure	Leverage Ratio
USD/ Once Gold Futures Contract	TRY 15	TRY 160	TRY 160	10,7
USD/ Once Gold Futures Contract	USD 80	USD 1,266	TRY 4,684.2**	15,8

\*Quoted BISTECH Risk Parameters file updated on 18/12/2017 by Takasbank.  
 \*\*USD/TRY exchange rate is taken as 3,7



## VIOP Market Guide Gold Futures Contracts

	TRY/Gr Futures Contracts	USD/Ounce Futures Contracts
<b>Underlying</b>	Pure gold	Pure gold
<b>Contract Size</b>	1 gram	1 ounce
<b>Currency</b>	TRY	USD
<b>Price Quotation</b>	Value of 1 gram gold shall be quoted in terms of Turkish Lira significant to two decimals.	Value of 1 ounce gold shall be quoted in terms of US Dollars significant to two decimals.
<b>Minimum Price Tick</b>	0.01	0.05
<b>Trading Hours</b>	Continuous trading from 09:30 to 18:15	
<b>Contract Months</b>	February, April, June, August, October and December (Contracts with three different months nearest to the current month shall be traded concurrently.)	
<b>Settlement Period</b>	T+1 (first day following the expiry date)	
<b>Daily Settlement Price</b>	<p>The daily settlement price is calculated as follows at the end of the session and rounded to the nearest price tick:</p> <ul style="list-style-type: none"> <li>a) The weighted average price of all the trades executed within the last 10 minutes of the session,</li> <li>b) If less than 10 trades were realized in the last 10 minutes of the session, the weighted average price of the last 10 trades executed during the session,</li> <li>c) If less than 10 trades were realized in the session, the weighted average price of all the trades executed during the session,</li> <li>d) If no trades were performed during the session, the settlement price of the previous day, will be determined as the daily settlement price.</li> </ul>	
<b>Expiry Day</b>	Last business day of the contract month.	



## ViOP Market Guide Gold Futures Contracts

	TRY/Gr Futures Contracts	USD/Ounce Futures Contracts
<b>Final Settlement Price</b>	LBMA Gold Price P.M. price (released by ICE Benchmark Administration in the afternoon), shall be converted to TRY/Gr price and called as the final settlement price. In calculations, the average of US Dollar selling and buying rate announced by the Central Bank of the Republic of Turkey at 15:30 (for USD/TRY conversion) and 31.1035 (for ounce/gram conversion) shall be used as the conversion factors.	LBMA Gold Price P.M. price (released by ICE Benchmark Administration in the afternoon), shall be used as the final settlement price.
<b>Last Trading Day</b>	Last business day of the contract month.	
<b>Daily Price Limit</b>	Daily price limit is equal to $\pm 10\%$ of the base price determined for each contract.	
<b>Clearing House</b>	Istanbul Settlement and Custody Bank (Takasbank)	
<b>Collateral and Margining Rules</b>	Initial Margin: Set by the BISTECH margin method.	

## Market Makers at ViOP\*

### Market Making Program based on Derivatives Market Operation Implementing Procedures and Principles

Contracts	Members
Single Stock Futures Contracts	İŞ YATIRIM MENKUL DEĞERLER A.Ş. FİNANS YATIRIM MENKUL DEĞERLER A.Ş. AK YATIRIM MENKUL DEĞERLER A.Ş. YAPI KREDİ YATIRIM MENKUL DEĞERLER A.Ş.
Index Option Contracts	İŞ YATIRIM MENKUL DEĞERLER A.Ş. AK YATIRIM MENKUL DEĞERLER A.Ş. GARANTI YATIRIM MENKUL DEĞERLER A.Ş.
USDTRY Option Contracts	TÜRKİYE GARANTİ BANKASI A.Ş. AKBANK T.A.Ş. FİNANSBANK A.Ş.
Electricity Futures Contracts	DENİZ YATIRIM MENKUL KIYMETLER A.Ş. AK YATIRIM MENKUL DEĞERLER A.Ş.
FBIST ETF Futures Contracts	FİNANS YATIRIM MENKUL DEĞERLER A.Ş.
Single Stock Options Contracts	YAPI KREDİ YATIRIM MENKUL DEĞERLER A.Ş. AK YATIRIM MENKUL DEĞERLER A.Ş.
Anatolian Red Wheat Futures Contracts	ZİRAAT YATIRIM MENKUL DEĞERLER A.Ş.
Precious Metals Futures Contracts	TÜRKİYE GARANTİ BANKASI A.Ş.
CNH/TRY Futures Contracts	ICBC YATIRIM MENKUL DEĞERLER A.Ş.

As of December 15, 2017. Also available at:

<http://www.borsaistanbul.com/en/products-and-markets/markets/derivatives-market-viop/market-making>



## VIOP Member List

In order to trade at VIOP, an investor need to open an account at one of brokerage houses or banks registered as VIOP member. VIOP members are listed at the page below:

<http://www.borsaistanbul.com/en/members/members-list?y=21>

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