


Docu ment	Name	DIRECTIVE ON PRECIOUS METALS MARKET AND PRECIOUS METALS LENDING MARKET	
	Type	DIRECTIVE	
	Code	31.YON.02	
	Date of Approval	24/06/2021	
	Date of Revision	24/06/2021	
	Revision Number	05	
	Prepared by	PRECIOUS METALS AND DIAMOND MARKET DIRECTORATE	
	Approved by	BOARD OF DIRECTORS	



BORSA İSTANBUL A.Ş.

DIRECTIVE ON PRECIOUS METALS MARKET AND PRECIOUS METALS LENDING MARKET

İSTANBUL – 2021

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BORSA İSTANBUL A.Ş.
PRECIOUS METALS MARKET AND
PRECIOUS METALS LENDING MARKET DIRECTIVE

FIRST CHAPTER

Purpose, Scope, Grounds, Definitions and Abbreviations

Purpose

ARTICLE 1- (1) Purpose of this Directive is to regulate the operating principles and procedures of Precious Metals Markets and Precious Metals Lending Market.

Scope

ARTICLE 2- (1) This directive regulates the procedures and principles regarding:

- a) Precious metals to be traded in the Exchange, and
- b) Submission and matching of orders, and
- c) Reports issued by the Exchange concerning orders submitted and trades executed, and
- ç) Prices listed in the Exchange, trading volumes and their announcement, and
- d) Collaterals and trading limits, and
- e) Fulfillment of obligations arising out of the trades executed therein, and
- f) Refineries, and
- g) Conversion transactions, and
- ğ) Lending Market and Wakala/Investment agency transactions, and
- h) Fees and commissions.

Grounds

ARTICLE 3- (1) This Directive is prepared and issued in reliance upon Borsa İstanbul A.Ş. Regulation on Principles Regarding Exchange Activities on Precious Metals and Precious Stones promulgated in the Official Gazette edition 29150 on 19/10/2014, and Borsa İstanbul A.Ş. Regulation on Principles Regarding Exchange Activities promulgated in the same Official Gazette edition at the same date.

Definitions and Abbreviations

ARTICLE 4- (1) The following definitions and abbreviations are in the context of this Directive:

- a) “Decree no. 32”: stands for the Decree no. 32 on Protection of Value of Turkish Currency promulgated in the Official Gazette edition 20249 on 11/08/1989, and
- b) “Ministry” stands for the Ministry of Treasury and Finance, and
- c) “Exchange” stands for Borsa İstanbul A. Ş., and
- ç) “Conversion transactions” refers to a special type of activity carried out by intermediary institutions among themselves or by intermediary institutions with refineries in order to convert standard unprocessed gold traded in the Precious Metals Market (PMM) into standard unprocessed gold of different weights and/or different carats, and
- d) “CEO” stands for Borsa İstanbul A. Ş. CEO, and
- e) “Pure quantity” refers to pure quantity of a precious metal available in a certain type of precious metal, and

- f) “Trading System” refers to electronic trading system employed in the Precious Metals Market, and
- g) “Those authorized to trade” refers to those who are authorized to trade in the Precious Metals Market by becoming a member of the Exchange within the frame of first paragraph of Article 24 of the Regulation on Foundation, Activity, Operating and Audit Principles of Exchanges and Market Operators or without being a member of the Exchange within the frame of third paragraph thereof, and
- ğ) “Participation Bank” stands for participation banks as defined in the Banking Law no. 5411, and
- h) “Precious Metals” stands for precious metals as defined and standards determined in the Decree no. 32, and
- ı) “Precious metals-based capital market instruments” refers to capital market instruments which are denominated in precious metals and/or the payment on due date and/or price which is determined based on precious metals, and
- i) “KMKTP” stands for Precious Metals and Precious Stone Markets, and
- j) “KMP” stands for Precious Metals Market within the Precious Metals and Precious Stone Markets, and
- k) “KMÖP” stands for Precious Metals Lending Market within the Precious Metals and Precious Stone Markets, and
- l) “CMB” stands for the Capital Markets Board, and
- m) “LBMA” stands for London Bullion Market Association, and
- n) “LPPM” stands for London Platinum and Palladium Market, and
- o) “Principal” refers to the part who entrusts its precious metals to an agent for management purposes, and the agent undertakes to return a promised yield and the capital, as defined in this Directive, against precious metals entrusted by it, and
- ö) “Markets” refers to Precious Metals Market and Precious Metals Lending Market, and
- p) “Refinery” refers to, certain refineries which are included in the list of refineries determined by the Exchange and the precious metals of which will be traded in the Exchange within the frame of regulations issued by the Ministry, and
- q) “Refinery Communiqué” stands for the Communiqué on Precious Metals Standards and Refineries no. 2006/1 promulgated in the Official Gazette edition 26359 on 18/11/2006, and
- r) “Session” refers to a time frame when the markets, market segments, platforms and systems within the Exchange organization are open for trading purposes, and
- s) “Takasbank” stands for İstanbul Takas ve Saklama Bankası A.Ş. (İstanbul Settlement and Custody Bank), and
- ş) “Capital” refers to precious metals delivered and entrusted by principal to agent in the Precious Metals Lending Market via trading system for operation for a certain period of time, and
- t) “Clearing House” refers to an organization unit of the Exchange responsible for settlement of money or precious metals, or to organizations and institutions assigned by the Exchange as clearing house, and
- u) “CBRT” stands of the Central Bank of the Republic of Türkiye, and
- ü) “Member” refers to a firm authorized to trade in Precious Metals Market or Precious Metals Lending Market out of those mentioned in first paragraph of Article 24 of

- the Regulation on Foundation, Activity, Operating and Audit Principles of Exchanges and Market Operators, and
- v) “Board of Directors” or “the Board” stands for Borsa İstanbul A.Ş. Board of Directors, and
 - y) “Promised yield” refers to an amount of yield expected by the agent, which is agreed upon between the agent and the principal and which the agent promises to pay to the principal in addition to capital at the end of maturity and
 - z) “Agent” refers to member banks that, operates precious metals in the name of principal, and makes investments with precious metals entrusted to it, and promises to pay an amount of yield in addition to capital at the end of a certain maturity and have a Participation Banking license and
 - aa) “Wakala/investment agency contract” refers to a contract signed by and between an agent participation bank and a principal for trading in the Precious Metals Lending Market in accordance with the participation banking principles.

SECOND CHAPTER

Principles Regarding Precious Metals to be Traded

Precious Metals to be Traded

ARTICLE 5- (1) In the markets, standard and non-standard precious metals defined in the Decree no. 32 with reference to their standards may be traded.

(2) Which of the precious metals referred to in the first paragraph will be traded in which markets will be determined by the CEO.

Information to be Imprinted on Standard Unprocessed Precious Metals

ARTICLE 6- (1) Standard unprocessed precious metals to be traded in the Precious Metals Market shall bear a hallmark of any one of refineries cited in Refinery Lists mentioned in Article 53 of this Directive, and the refinery’s emblem or stamp, bullion serial number, weight and purity grade are to be imprinted on each bullion and bar.

(2) Granule silvers of standard fineness belonging to any one of refineries cited in Refinery Lists mentioned in Article 53 of this Directive are traded as standard granules in the Exchange only if they are in closed granule package which features stamp, fineness, weight, refinery name or emblem thereon.

(3) Precious metals without weight information are registered and traded over any one of their weights specified in the related fineness report, certificate, or report issued by refinery, or import certificate.

Superficial Features and Shapes of Standard Unprocessed Precious Metals

ARTICLE 7- (1) The Board of Directors is authorized to determine the superficial features and shapes of bullions and bars to be traded in the Precious Metals Market.

Bar, Bullion and Granule Types and Weights

ARTICLE 8- (1) Bar, granule and bullion types and weights of standard unprocessed precious metals to be traded in the Exchange are determined by the Board of Directors.

Nonstandard Unprocessed Precious Metals

ARTICLE 9- (1) In order for the sale of nonstandard unprocessed precious metals referred to in the Decree no. 32 in the Precious Metals Market, a fineness report received from the General Directorate of Mint and Stamp Print House or the organizations authorized by this

institution is to be delivered by those authorized to trade to the Exchange, together with import information form and customs declaration if they are to be traded for the first time in the Exchange after import. If these documents are accessible via electronic media in accordance with the principles determined by the Board of Directors, the obligation to deliver the original copies of documents to the Exchange may be annulled.

(2) Conformity of nonstandard unprocessed precious metals traded in the Precious Metals Market with the fineness report issued therein is under the responsibility of deliverer of the related precious metals to the Exchange.

(3) In accordance with the principles to be determined by the Board of Directors, samples may be taken for checking the conformity of nonstandard unprocessed precious metals with the fineness report issued therein, and if required, such samples may be sent for analysis to the General Directorate of Mint and Stamp Print House or to another assaying institution. All expenses and taxes to be incurred for said operations are to be borne and paid by the importing member.

(4) The Board of Directors is authorized to determine the principles of trading of nonstandard precious metals.

Importing Precious Metals and Their Delivery to Exchange

ARTICLE 10- (1) Unprocessed precious metals imported by members in the Precious Metals Market are delivered to the Clearing House within the time specified in the Decree no. 32.

(2) Those who fail to deliver the imported unprocessed precious metals to the Clearing House in accordance with first paragraph of this article are subject to penal commission and delay interest under the conditions to be determined by the Board of Directors and approved by the Board.

(3) If the imported standard precious metals do not conform to the qualities specified in Article 8 of this Directive, such precious metals are not accepted by the Exchange, and it is duly reported to the concerned Customs Directorate.

(4) Imported nonstandard precious metals may either be delivered to the Exchange's custodian vault together with an import declaration within the period of time stated in the Decree no. 32, or be checked by the Exchange officers at a place deemed appropriate by the Exchange within the same period of time. In this case, a service fee may be separately charged. The procedures and principles related to controls and proceedings outside the Exchange are regulated by the Board of Directors.

(5) If it is detected, prior to or after importing precious metals, that a precious metals intermediary institution takes actions in contradiction with the regulations of the Ministry, the relevant precious metals intermediary institution's import activities may be suspended by the CEO temporarily for a period of 1 to 6 months due to such contradictory actions, and in case of repetition of contradictory actions, may be stopped permanently, in due consultation with the Ministry. Regulations regarding this application are made by the CEO with a prior approval of the Ministry.

Precious Metals Produced Out of Ore

ARTICLE 11- (1) Precious metals in bar, bullion or granule form produced out of ore domestically and standardized through refining process in refineries are delivered to the

Clearing House within the period of time specified in the Refinery Communiqué following completion of refining process, and the initial trades are executed in the Precious Metals Market.

(2) Non-gold nonstandard precious metals in dore bar, granule and other forms produced out of ore and not subject to refining process are traded according to gross quantity, pure quantity and fineness specified in the fineness report to be issued by the General Directorate of Mint and Stamp Print House or by organizations determined by said General Directorate. These precious metals are delivered to the Exchange's custodian vault together with documents determined by the Board of Directors or are controlled outside the Exchange before trading in accordance with the principles stipulated by the Board of Directors. The provisions of this article are applicable also for nonstandard gold produced out of ore which has specific conditions that are deemed appropriate by the Ministry.

(3) Precious metal producers are under obligation to report and declare the precious metals produced by them out of ore to the Exchange within periods to be determined by the Board of Directors.

(4) Other procedures and principles required to be complied within deliveries and notifications are also determined by the Board of Directors.

(5) The procedures and principles of trading of precious metals in all forms and shapes (clinker, broken carbon, concentrate, etc.) emerging during production out of ore are separately determined and regulated by the Board of Directors.

Trading Obligation for Precious Metals

ARTICLE 12- (1) In order to leave the vault or be transferred to another account, the standard and nonstandard precious metals that are imported or produced out of ore, and previously not traded in the Exchange or delivered to the Exchange or had entered to the vault before, shall be traded via the Exchange system, except for some special circumstances determined by the Board of Directors.

(2) The procedures and principles of precious metals produced out of ore, but not refined, or nonstandard precious metals imported, or precious metals imported in large bullions and intended to be refined for conversion into smaller bullions, their control before the refining process, delivery to and trading in the Exchange are to be regulated and set down by the Board of Directors.

(3) Precious metals may be traded via the Exchange system among those authorized to trade, apart from the exceptions set down in Article 27 of this Directive.

THIRD CHAPTER

Orders, Matching Orders, and Trading Rules

Order Types

ARTICLE 13- (1) Order types to be valid in the Markets are determined by the Board of Directors according to trading price, trading volume, kind of precious metals traded and party giving the order.

(2) Price limits to be applied according to precious metals and types of orders are

determined by management of the Markets according to the then-available market conditions.

(3) Procedures and principles relating to placement of orders and elements of orders are determined by the Board of Directors.

Submitting Orders to the Exchange

ARTICLE 14- (1)

Those authorized to trade in the Markets submit their orders via terminals at the trading floor or via remote access to the Trading System in accordance with the principles, prices and trading limits and within the frame of risk management rules determined by the Board of Directors.

(2) Those authorized to trade in the Markets may integrate their own trading systems to the Trading System through an interface, providing that they meet the certification requirements determined by the Board of Directors.

(3) In the Precious Metals Lending Market, orders may be submitted by members to the Exchange in writing or by other communication methods as well.

(4) Procedures and principles by which communication channels and technical infrastructure the orders will be submitted are also determined by the Board of Directors.

Trading Currency and Weight Units

ARTICLE 15- (1) In the Precious Metals Market, precious metals may be traded in Turkish Lira or in foreign currencies to be determined by the CEO. Monetary obligations may be fulfilled either in the currency of trade, or in different currencies according to the principles determined by the CEO.

(2) In transactions where price unit is different from metal weight unit, the procedures and principles regarding unit conversions are determined by the CEO.

Unit and Minimum Order Amount

ARTICLE 16- (1) Minimum order volumes and weight units to be used in trading of precious metals in the Markets are determined by the CEO.

Session and Settlement Timing

ARTICLE 17- (1) Session and settlement days and hours to be used for trading in the Markets are determined by the CEO.

Matching Orders in Markets

ARTICLE 18- (1) Orders accepted according to the order validity rules may be converted into a trade by being matched in full or in part with corresponding order or orders pending in the order book, according to the principles determined by the Board of Directors.

(2) Those authorized to trade may cancel or change their bid or ask orders given by them previously and pending in the order book, or may meet their own orders, providing that they abide by the rules of priority.

(3) Trades are matched in accordance with the prices and time priority rule.

(4) Matching rules according to different order types and/or different sessions may be determined by the Board of Directors.

(5) Market makers and/or liquidity providers may be assigned in order to support the operations of the Markets. The procedures and principles may be determined by the Board of Directors according to the priority rules.

Priority Rules

ARTICLE 19- (1) When matching limit orders in the Markets, lower priced ask orders are matched before higher priced ask orders, and higher priced bid orders are matched before lower priced bid orders.

(2) In the case of equality of prices in orders, the orders submitted at a time before the others are matched with priority.

(3) Priority status of changed orders is determined by the Board of Directors.

(4) Priority rules according to different order types and/or different sessions may be determined by the Board of Directors.

Price Ticks to be Applied in Trades

ARTICLE 20- (1) Price ticks to be applied in the Markets are determined by the CEO on the basis of precious metals of different qualities and according to the trading currency.

Value Dates

ARTICLE 21- (1) In the Precious Metals Market, the trades are required to be settled at the value date. Principles regarding postponement of value date by mutual agreement of the sides are regulated and determined by the CEO.

(2) In the Precious Metals Lending Market, value date is the date the precious metals are delivered by the lender to the borrower. The date for performing the obligation by the borrower is the maturity.

(3) Value dates to be applied in the Markets are determined by the CEO.

Trades with Reference Prices

ARTICLE 22- (1) Principles regarding trading on the basis of reference prices formed in foreign markets or the Exchange and by matching with prices below or above reference price within certain limits are determined by the Board of Directors.

(2) Which market's price will be based upon in reference priced trades, which value dates will be used in settlement of trades, which currencies will be used, and which metal types will be the subject of trading, and procedures and principles regarding order acceptance time and risk management are also determined by the Board of Directors.

Principles of Blocking Against Loans

ARTICLE 23- (1) Principles regarding blocking in favor of a bank to be determined by those authorized to trade of the precious metals held in their account in the Exchange and settled as a security collateral for loans to be borrowed by them from banks for the sake of completion of their liability regarding settlement of precious metals bought therein are determined by the Board of Directors.

Official Auction Trading Principles

ARTICLE 24- (1) Procedures and principles regarding the sale of precious metals in courts, enforcement agencies and other official agencies seen as necessary to be carried out in the Market are determined by the CEO.

Listing and Announcement of Prices and Trades in Exchange

ARTICLE 25- (1) Prices and trading volumes regarding trades executed in the Markets and notified to the Exchange are listed in the Exchange.

(2) Prices arising out of the executed trades and information on total volume of trades over these prices are announced by methods and means determined by the CEO.

(3) If a price is not formed therein, methods of calculation and publishing of indicative prices are determined by the CEO.

Trade Statistics

ARTICLE 26- (1) Trade statistics indicating prices, volumes and amounts of and parties to all trades executed in the Markets are distributed to or made available and ready for access by parties to trades via electronic media in accordance with the procedures and principles determined by the CEO.

(2) Those authorized to trade in the Markets create their own records by using the trade statistics received from the Exchange. In case of a discrepancy on the information contained in trade statistics, the Exchange's records shall prevail.

Notification of Off-Exchange Trades to Exchange

ARTICLE 27- (1) Even though those authorized to trade in the Markets are essentially expected to make their trades via the Exchange system, they are also under obligation to report and notify the Exchange their standard and nonstandard unprocessed precious metals trading in the off-exchange market, within a period of time, and according to the procedures and principles determined by the Board of Directors. However, trades of precious metals imported from abroad or produced out of ore for the first time cannot be executed in the off-exchange market.

(2) Trades executed in the off-exchange market are also considered and treated as Exchange transactions. For trades executed in the off-exchange market, it is in the discretion of the Board of Directors to determine a trading commission up to twice the trading commissions charged for equivalent trades executed in the Exchange.

Canceling Orders and Trades in Markets by the Exchange

ARTICLE 28- (1) All or some of the orders pending or the trades executed in the Markets may be cancelled ex officio or upon application of at least one of the trading parties within the frame of procedures and principles determined by the Board of Directors, and such cancellation will be announced.

(2) When canceling a trade, a fee may be charged at a rate and/or in an amount determined by the Board of Directors and approved by the Board.

Member Obligations for Customer Trades

ARTICLE 29- (1) Principles regarding trades and custody services that may be executed in the Markets by members in the name and account of their customers or by customers through members are determined by the Board of Directors.

FOURTH CHAPTER

Special Provisions on Lending Market and Wakala (Investment Agency) Transactions

Granting Trade Authorization

ARTICLE 30- (1) Trade authorization in the Precious Metals Lending Market may be granted to those who are covered by first paragraph of Article 24 of the Regulation on Foundation, Activity, Operating and Audit Principles of Exchanges and Market Operators and become a member in the Exchange and are thus authorized to trade in the Precious Metals Market, if their application is deemed fit and acceptable by the CEO.

(2) Mutual funds may execute their lending and wakala (investment agency) transactions through precious metals market intermediary institutions which are authorized to trade in the Precious Markets Lending Market and act as an intermediary in trades of the fund.

Precious Metals that may be Subject to Lending and Wakala (Investment Agency)

Transactions

ARTICLE 31- (1) In the Precious Markets Lending Market, lending and wakala (investment agency) transactions are executed for specific types, as determined by the CEO, of precious metals traded in the Precious Markets Market.

(2) Precious metals imported from abroad or produced out of ore cannot be the subject of lending and wakala (investment agency) transactions before they are traded first in accordance with article 12 of this Directive.

Lending and Wakala (Investment Agency) Transactions

ARTICLE 32- (1) Lending is a type of transaction wherein price, maturity and lending volume are freely determined by suppliers and demandants of precious metals within the frame of predetermined trading hours and trading rules, and at the end of maturity, the original value and additional value are paid by the borrower to the lender in the form of the borrowed precious metal or in the currency predetermined according to the principles set by the Board of Directors, and the settlement of transaction is effected by the Clearing House.

(2) The Board of Directors makes the required arrangements for delivery of the original value and additional value in the form of borrowed precious metal or in predetermined currency at the end of maturity.

(3) The Board of Directors is also authorized to make arrangements for execution of lending transactions in accordance with the participation banking principles.

(4) Wakala (investment agency) is a type of transaction wherein price, maturity and capital amounts are freely determined by suppliers providing precious metals for wakala (investment agency) and demanders requesting precious metals for wakala (investment agency) within the frame of predetermined trading hours and rules, and at the end of maturity, the capital and the promised yield are paid by the wakala (investment agency) undertakers to the party supplying precious metals for wakala (investment agency) in the same type of precious metal or in the currency predetermined according to the principles set by the Board of Directors, and the settlement of transaction is made by the Clearing House.

Original Value and Additional Value

ARTICLE 33- (1) Original value stands for the lent or borrowed precious metal in lending transactions, and for capital in wakala (investment agency) transactions .

(2) Additional value refers to the positive differential observed as of the end of maturity in respect of the price determined in the transaction of lending or borrowing of original value. This difference may also be determined as zero by the parties.

Trading Units

ARTICLE 34- (1) Lending and wakala (investment agency) transactions are made over weight unit. End-of-maturity obligations may be fulfilled in the form of precious metal, Turkish Lira or a foreign currency designated by the CEO within the frame of the principles determined by the CEO.

Price in Lending and Wakala (investment agency) transactions

ARTICLE 35- (1) In lending transactions, price is the rate of return, while in wakala (investment agency) transactions , price is the rate of promised yield.

(2) Price is related to the quantity of precious metal, not the monetary amount.

(3) Among the orders where the kind and carat of the precious metal covered by the lending transaction, and date of maturity, currency, and preferences for fulfilling the original

value obligations are the same, the best price for borrowing orders is the order with the highest rate of return, while the best price for lending orders is the order with the lowest rate of return.

(4) Among the orders where the kind and carat of the precious metal covered by the wakala (investment agency) transaction, and date of maturity, currency, and preferences for fulfilling the original value obligations are the same, the best price for wakala undertaking orders is the order with the highest rate of promised yield, while the best price for wakala giving orders is the order with the lowest rate of promised yield.

Recallability and Early Delivery

ARTICLE 36- (1) Recallability stands for the right of lender in lending transactions or client (principal) in wakala (investment agency) transactions to request fulfillment of the obligation before the date of maturity specified in the order.

(2) Early delivery stands for the right of delivery of the precious metal borrowed in lending transactions or received for wakala (investment agency) transactions by the borrower to the lender in lending transactions or by the agent to the client (principal) in wakala (investment agency) transactions before the end of maturity.

(3) The principle of per diem deduction is applied in calculation of additional value in case of recall and early delivery in lending transactions, while calculation of promised yield is based on the agent's declaration in case of recall and early delivery in wakala (investment agency) transactions .

(4) Other procedures and principles regarding recall and early delivery are determined by the CEO.

Elements Required for Lending and Wakala (Investment Agency) Orders

ARTICLE 37- (1) Minimum elements required for lending and wakala (investment agency) Orders are determined by the CEO.

Transaction Value Date

MADDE 38- (1) In the Precious Metals Lending Market, transaction value date is the date of execution of transaction, unless otherwise decided by the CEO.

Transaction Maturity

ARTICLE 39- (1) Upper limit of transaction maturity is 365 calendar days.

Matching Lending Orders with Each Other and Matching Wakala (Investment Agency) Orders with Each Other

ARTICLE 40- (1) Lending transactions are executed through matching of the best borrowing orders with the best lending orders with the same price in accordance with the rules of priority, while wakala (investment agency) transactions are executed through matching of the best wakala undertaking orders with the best wakala giving orders with the same price in accordance with the rules of priority.

(2) If published on the information distribution screens, the best ones of the orders entered into the system, which are aligned according to price and time priority rule at each maturity, are transmitted to the related parties.

(3) The executed transactions are reported to the parties to transactions within the frame of the principles determined by the CEO.

(4) A lending transaction order may be matched only with a lending transaction order, and a wakala (investment agency) transaction order may be matched only with a wakala

(investment agency) transaction order.

Rules of Priority in Lending and Wakala (investment agency) transactions

ARTICLE 41- (1) Orders are matched according to the prices and time priority rules.

(2) In matching the orders submitted to the Market, in case of lending transactions, the higher priced borrowing orders are matched before the lower priced borrowing orders, while the lower priced lending orders are matched before the higher priced lending orders. On the other side, in wakala (investment agency) transactions, in matching the orders, the higher priced wakala undertaking orders are matched before the lower priced wakala undertaking orders, while the lower priced wakala giving orders are matched before the higher priced wakala giving orders.

Announcement of Executed Transactions

ARTICLE 42- (1) At the end of transactions executed in the Precious Metals Lending Market, prices and rates of return observed at each maturity, and in wakala (investment agency) transactions, rates of promised yield, and total amounts of transactions executed at those rates are announced by methods determined by the CEO.

Lending and Wakala (Investment Agency) Renewal Transactions

ARTICLE 43- (1) Lending and wakala (investment agency) transactions may be renewed for more than once upon mutual agreement of the parties.

(2) Codes of practice relating to renewal of transactions are determined by the CEO. In case of renewal, when determining the maturity, the previous transactions are not taken into consideration.

(3) In case of renewal transactions, a transaction commission is charged and collected by the Exchange.

Principles of Settlement and Default in Lending and Wakala (Investment Agency) Transactions

ARTICLE 44- (1) At the end of maturity, the borrowing party is under obligation to deliver both the precious metal borrowed or received for wakala (investment/agency) and the surplus value to the Clearing House. Other procedures and principles regarding fulfillment of obligations are determined by the CEO.

(2) The party borrowing or receiving the precious metal for wakala (investment agency) is deemed to have fallen into default if they fail to perform their obligations at the end of maturity. In this case, the available collaterals are realized and turned into cash for fulfillment of the obligations of that member towards the counterparty by the Exchange without any notice or the prior consent of the member failing its obligations.

(3) Procedures and principles regarding management of the default process are regulated by the CEO.

FIFTH CHAPTER

Collaterals and Trading Limit

Risk Management and Collaterals in Markets

ARTICLE 45- (1) In the Precious Metals Market, risk management encompasses the depositing of a collateral as a result of risk calculation made prior to and/or after the transaction, according to the principles determined by the Board of Directors, and then,

reevaluation of the obligations arising out of the executed transactions in comparison to the available collaterals according to the changing market conditions and value dates, and if needed, request of additional collateral, for assuring the fulfillment of the obligations arising out of the executed transactions.

(2) Those authorized to trade in the Markets are under obligation to deposit a collateral within the frame of procedures and principles determined by the Board of Directors.

(3) Pursuant to first paragraph, net or gross positions of those authorized to trade in the Precious Metals Market, calculated by considering their bid and ask orders and/or transactions, may be limited by a certain multiple of their current trading collateral as will be determined by the Board of Directors.

(4) Those authorized to trade in the Precious Metals Market may at all times increase their trading collateral or may reduce them to a certain lower limit determined by the Exchange. In reduction of collaterals, the risks of those authorized to trade are taken into consideration.

(5) If and to the extent collateral limits are exceeded in the Precious Metals Market, it may be requested to reduce the existing positions and fulfill the margin call requirements within the frame of procedures and principles to be determined by the Board of Directors.

(6) A party borrowing precious metals in the Precious Metals Lending Market may borrow precious metals up to a maximum rate to be determined by the Board of Directors, not being more than 100% of its deposited collaterals. Collaterals and positions are revalued in certain time intervals at least once a day. Those whose collateral is found inadequate as a result of revaluation are delivered a margin call, and are asked to deposit an additional collateral in an amount and within a period of time to be specified, within the frame of procedures and principles to be determined by the Board of Directors.

(7) Procedures and principles of deposit and withdrawal of collaterals, determining trading limits according to different value dates, and in case of inadequate collateral, delivery of a margin call, and in case of exceeding trading limits, non-acceptance of orders is also determined by the Board of Directors.

(8) Where collaterals are to be increased or completed, actions to be taken in case of failure in depositing of additional collateral or in completion of inadequate collateral within a period of time designated therein will be determined by the Board of Directors.

(9) Procedures and principles regarding transfer of collaterals to Takasbank will also be determined by the Board of Directors.

Assets Accepted as Collateral in Markets

ARTICLE 46- (1) The following assets are accepted as collateral:

a) Turkish Lira, and

b) Foreign currencies determined as US Dollars and Euro, and

c) Irrefutable bank letters of guarantee issued for an indefinite term in Turkish Lira or US Dollars, and

ç) All types of State Bond and Treasury Bonds and lease certificates, and

d) Precious metals traded in the Exchange, and other assets decided by the Board of Directors and deemed appropriate by the CMB.

(2) Procedures and principles regarding revaluation of collaterals are determined by the Board of Directors.

SIXTH CHAPTER

Obligations Regarding Executed Transactions

Settlement of Exchange Transactions

ARTICLE 47- (1) Clearing House for precious metals is the Exchange. Precious metals are physically settled and kept in custody in the precious metals custodian vaults to be designated by the Exchange.

(2) In the Market, Takasbank may be designated as Clearing House for money. In this case, the provisions pertaining to central clearing institution will be applicable. Takasbank may use correspondent banks in order to assist these transactions.

Fulfilling Trading Obligations

ARTICLE 48- (1) Delivery versus Payment principle is applied in settlement transactions. Settlement receivables of members who fail to perform their settlement obligations are not paid.

(2) Settlement and reconciliation hours for trading obligations are determined by the CEO.

(3) Buying and selling transactions executed in the Precious Metals Market are reported electronically to the Clearing House. Obligation of the party having precious metal debts is to deliver the sold precious metal to the Clearing House and to collect the price under the predetermined terms and conditions, while obligation of the party having precious metal receivables is to pay to the Clearing House the price of purchased precious metal and to take delivery of the precious metal in accordance with the predetermined terms and conditions.

(4) In wash sales of nonstandard precious metals, other than gold, produced out of ore, and nonstandard precious metals imported from abroad, the settlement may be conducted on the basis of fineness report outside the Exchange, providing that it is seen by the Exchange officers. In these transactions, transaction and withdrawal fees (commissions) are collected as if the precious metals are delivered to the Clearing House. In special circumstances deemed appropriate by the Ministry, the provisions of this article are applied also for nonstandard gold produced out of ore.

(5) Settlement is completed by transferring the amount of precious metals deposited in the clearing account to the account of the monetary creditor and transferring the amount of precious metals delivered to the Clearing House to the account of the precious metal creditor

(6) At the settlement stage, net payables and receivables of related parties are calculated over the pure portion of the related precious metals.

(7) Precious metals are to be delivered in the same kind and type of precious metals in transactions.

Default

ARTICLE 49- (1) The party failing to perform its obligations in the Markets within the frame of settlement principles and by the end of settlement time is deemed to have fallen in default.

(2) However, if the precious metal or monetary obligations are fulfilled after the time designated therein in the settlement day, but within the same day, unless otherwise claimed by the creditor party or parties, the default provisions may not be applied.

(3) In case of failure in performing obligations, the CEO may grant an additional time until the next settlement day to the party in default to remedy its default. At the end of this additional time, the precious metal is bought or sold ex officio by the Exchange to the party, to whom delivery is not effected, depending on its being buyer or seller.

(4) If precious metals of the same specifications cannot be procured from the market, precious metals having similar specifications may be used in the transactions.

(5) If the results of trade executed pursuant to the second paragraph of this article are more preferable than the non-executed trade, no action is taken. However, if the new trade is executed under inferior conditions compared to the former one, the party in default is under obligation to pay the resulting difference to the Exchange or the Clearing House. If the precious metal is not bought or sold or payments such as principal sum, default interest and other differences of the obligation are not made, then, the money required to be paid is ex officio covered by the collaterals deposited by the related party.

(6) The party in default is charged interest in an amount calculated at an interest rate equal to twice the then-current overnight weighted average interest rates in Exchange Repo-Reverse Repo Market, or Exchange Interbank Repo and Reverse Repo Market or CBRT Interbank Money Market, whichever is the highest, for the period from the date of default to the date of performance of obligation, over the total exchange values or cash debts to be calculated over the weighted average prices of the defaulted precious metal as of the date of settlement, or if the prices are not formed yet, over a reference price under the principles to be determined by the CEO. Principles as to which extent the collected default interest is to be paid to the party or parties harmed by the default are to be determined by the CEO.

(7) As long as the default continues, the receivables of the party in default covered by default are blocked.

(8) Should the default process be carried out by Takasbank, the provisions of regulations issued by Takasbank regarding Precious Metals Market are to be applied.

Early Settlement

ARTICLE 50- (1) The CEO determines the procedures and principles to be applied in case of conduct of settlement before the predetermined time.

Withdrawal of Precious Metals from, Depositing in and Internal Transfer to Vault

ARTICLE 51-

(1) In the Custodian Vault:

- a) Depositing of precious metals to accounts, and
- b) Withdrawal of precious metals from accounts, and
- c) Transfer of precious metals between accounts (internal transfer) other than settlement movements linked to trades are executed upon instructions given either by the account owner or by person or persons authorized to represent the account owner. These instructions are sent via secured electronic media.

(2) If the instructions cannot be sent via electronic media due to technical reasons, they may be signed by the duly authorized officers and delivered in writing to the Exchange.

Regulations regarding the application are to be issued by the CEO.

Refineries

Powers of Exchange Regarding Refineries

ARTICLE 52- (1) Pursuant to the regulations issued by the Ministry and within the frame of the principles set down in this Directive, it is within the authority of the Exchange to prepare and announce a list of refineries of which precious metals will be traded in the Exchange, and to review and respond to the applications of refineries established in Türkiye or international refineries for inclusion in the list, and to audit the listed refineries established in Türkiye within the frame of the applicable laws and regulations.

List of Refineries

ARTICLE 53- (1) A refinery established in Türkiye filing an application for inclusion in the List of Refineries shall meet the conditions stipulated in the Communiqué on Refineries. Upon an application, any one of the independent audit firms included in the Board's list is asked to conduct an inspection in order to check whether the capital requirement stipulated in the aforesaid Communiqué and other requirements regarding the quantity of precious metals refined during the last three years are met or not.

(2) Pursuant to the Communiqué on Refineries, bars, bullions and granules of international refineries that will be traded in the Exchange are determined, listed and announced by the Board of Directors by considering the lists of LBMA and LPPM into consideration.

(3) Foreign refineries not included in the lists of LBMA and LPPM may also be accepted by the Board of Directors by considering the published lists of Dubai Multi Commodities Centre (DMCC), Indian Bullion Market Association (IBMA) and similar other associations, providing, however, that they at least satisfy the conditions sought for in the refineries established in Türkiye.

(4) Refineries determined to meet all of the conditions are announced in the list of refineries published by the Exchange.

(5) Whether the application is accepted or not, at the end of the application process, all costs incurred shall be paid by the applicant refinery.

(6) Other than the conditions stipulated in the Communiqué on Refineries, the Board of Directors may impose additional conditions and request collateral for healthy operation of the market.

(7) Procedures and principles of inspection to be conducted in the course of refinery applications are determined by the Board of Directors.

(8) The conditions of removal from the list of refineries are also determined by the Board of Directors.

(9) The Board of Directors may decide to charge a one-time fee for the initial application filed by refineries to be in the List of Refineries established in Türkiye and an annual fee as long as they remain in the List of Refineries.

Audit of Refineries

ARTICLE 54- (1) Bullions and/or granules produced by refineries the precious metals of which are traded in the Exchange and which are actively operating in Türkiye are subject to an analysis of fineness at least three times a calendar year.

(2) Analyses for all refineries included in the Borsa İstanbul Refinery List may be

performed by the General Directorate of Mint and Stamp Print House.

(3) It is in the discretion of the Executive Vice President in charge of the Market to decide whether the refineries included in the Borsa İstanbul Refinery List, but not included in LBMA list will be audited by the General Directorate of Mint and Stamp Print House or by any one of the firms serving as supervisor and accepted by LBMA for audit of fineness abroad.

(4) Expenses to be incurred for analysis of refineries will be collected from the related Refinery.

(5) Procedures and principles regarding fineness audit and analysis are determined by the Board of Directors.

(6) Actions to be taken if and when the Exchange receives a complaint about bullions and/or granules produced by precious metals refineries traded in the Exchange and actively operating in Türkiye are to be determined by the CEO. Upon completion of the process, the Board of Directors is informed about the complaint proceedings.

EIGHTH CHAPTER

Conversion Transactions

Conversion Transactions

ARTICLE 55- (1) Parties to a conversion transaction may convert the precious metals kept in custody in the Clearing House into any type of precious metals by mutually agreeing outside the Exchange and then reporting their agreement to the Exchange.

(2) Procedures and principles regarding conversion transactions are determined by the CEO.

NINTH CHAPTER

Fees and Commissions

Transaction Fees (Commissions)

ARTICLE 56- (1) Transaction fees (commissions) are determined by the Board of Directors according to the type and standard of traded precious metal, whether it is ore or produced out of ore, type of transaction, and parties to the transaction, and are put into force with an approval of the CMB.

(2) All transaction fees (commissions) are charged over the pure quantity of precious metal, with addition of the related taxes, if any. The Board of Directors may, with a prior approval of the CMB, grant encouraging discounts in transaction fees and commissions for market makers or liquidity providers.

(3) Principles of calculation and collection of transaction fees and commissions are determined by the Board of Directors.

Withdrawal Fees (Commissions)

ARTICLE 57- (1) A withdrawal fee (commission) determined by the Board of Directors and approved by the CMB separately for each precious metal, depending on whether it is standard or not, or is produced out of ore or not, is charged to those who take delivery of precious metals physically from the Exchange's vault or from other places of delivery authorized by the Exchange, over a monetary amount calculated by taking into consideration the quantity of precious metal withdrawn from the Exchange's vault, and the pure quantity of precious metal, and its TL/kg reference price.

(2) The Board of Directors of the Exchange may grant discount in withdrawal fees and

commissions for market makers, liquidity providers or contracted delivery centers.

(3) Whether withdrawal fee (commission) will be charged or not in conversion transactions, futures contracts with physical delivery, lending transactions and different delivery centers is determined by the Board of Directors.

Custodian Fees (Commissions)

ARTICLE 58- (1) A custodian fee (commission) is collected from related parties on the basis of precious metals kept in custody in the Exchange's vault within the frame of the procedures and principles determined by the Board of Directors.

(2) All custodian fees (commissions) are charged over pure quantity of precious metal.

(3) The CEO may grant discount in custodian fees and commissions for CBRT, market makers, liquidity providers, contracted delivery centers or corporate investors.

(4) Procedures and principles as to whether custodian fee (commission) will be charged or not in conversion transactions, futures contracts with physical delivery, lending transactions and different delivery centers, are determined by the Board of Directors.

TENTH CHAPTER

Miscellaneous and Final Provisions

Providing External Custody Services to Outside

ARTICLE 59- (1) The Exchange may also provide custody services for standard unprocessed precious metals processed in the Exchange under a custody service contract in the name and account of persons or entities not authorized to trade in the Precious Metals Market. For such services, custodian and withdrawal fees and commissions different from the tariff rates applied on those authorized to trade may be determined and applied by a decision of the CEO.

Informing the Ministry and Ministerial Powers

ARTICLE 60- (1) The Ministry is separately informed about disciplinary punishments, if any, requiring temporary withdrawal or cancellation of authorization to trade granted pursuant to the Regulation on Operating Principles of Precious Metals Exchange Intermediary Institutions and on Foundation of Precious Metals Intermediary Institutions.

(2) Transactions, accounts, records and books of those authorized to trade in the Markets as specified in the preceding paragraph are subject to audit and supervision of the Ministry.

Absence of Provisions

ARTICLE 61- (1) The Board of Directors is authorized to take decisions, and guide and regulate the enforcement, within the relevant regulations, on all matters on which this Directive has no provisions or is not clear.

The CEO's Authorization to Regulate

ARTICLE 62 - (1) In reliance upon this Directive, the Board of Directors may authorize the CEO to issue regulations on matters referred to in articles 5, 15, 16, 17, 20, 21, 24, 25, 26, 30, 31, 34, 36, 37, 38, 40, 42, 43, 44, 48, 49, 50, 51, 55, paragraph 5 of article 10, paragraph 6 of article 54, paragraph 3 of article 58, and paragraph 1 of article 59.

Effective Date

ARTICLE 63- (1) This Directive shall become effective as of 27/09/2017.

Enforcement

ARTICLE 64- (1) The provisions of this Directive shall be enforced and executed by the CEO.

Revision

ARTICLE 65- The following revisions are made in this Directive on 24/06/2021.

(1) The following revisions are made in this Directive on 24/11/2017.

DIRECTIVE ON PRECIOUS METALS MARKET AND PRECIOUS METALS LENDING MARKET REVISIONS COMPARISON TABLE	
FORMER TEXT	NEW TEXT
<p>Precious Metals Produced out of Ore ARTICLE 11 – (2) Non-gold nonstandard precious metals are traded according to gross quantity, pure quantity and fineness specified in the fineness report to be issued by the General Directorate of Mint and Stamp Print House or by designees of said General Directorate. These precious metals are delivered to the Exchange’s custodian vault together with documents determined by the Board of Directors or are controlled outside the Exchange before trading in accordance with the principles stipulated by the Board of Directors.</p>	<p>Precious Metals Produced out of Ore ARTICLE 11 – (2) Non-gold nonstandard precious metals <u>in dore bar, granule and other forms produced out of ore and not subject to refining process</u> are traded according to gross quantity, pure quantity and fineness specified in the fineness report to be issued by the General Directorate of Mint and Stamp Print House or by designees of said General Directorate. These precious metals are delivered to the Exchange’s custodian vault together with documents determined by the Board of Directors or are controlled outside the Exchange before trading in accordance with the principles stipulated by the Board of Directors. <u>The provisions of this article are applicable also for nonstandard gold produced out of ore which has specific conditions that are deemed appropriate by the Ministry.</u></p>

<p>Performance of Trading Obligations: ARTICLE 48- (4) In wash sales of nonstandard precious metals, also including precious metals produced out of ore and imported from abroad, other than gold, the settlement may be conducted on the basis of fineness report outside the Exchange, providing that it is seen by the Exchange officers. In these transactions, transaction and withdrawal fees (commissions) are collected as if the precious metals are delivered to the Clearing House.</p>	<p>Performance of Trading Obligations: ARTICLE 48- (4) In wash sales of nonstandard precious metals, <u>other than gold, produced out of ore, and nonstandard precious metals imported from abroad</u>, the settlement may be conducted on the basis of fineness report outside the Exchange, providing that it is seen by the Exchange officers. In these transactions, transaction and withdrawal fees (commissions) are collected as if the precious metals are delivered to the Clearing House. <u>In special circumstances deemed fit and appropriate by the Ministry, the provisions of this article are applied also for nonstandard gold produced out of ore.</u></p>
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(2) The following revisions are made in this Directive on 14/05/2018.

DIRECTIVE ON PRECIOUS METALS MARKET AND PRECIOUS METALS LENDING MARKET REVISIONS COMPARISON TABLE	
FORMER TEXT	NEW TEXT
<p>Default ARTICLE 49- (1) Party failing to perform its obligations in the Markets within the frame of settlement principles and by the end of settlement time is deemed to have fallen in default. (2) However, if the precious metal or monetary obligations are fulfilled after the time designated therein for in the settlement day, but within the same day, unless otherwise claimed by the creditor party or parties, the default provisions may not be applied thereon. (3) In case of failure in performance of obligations, the CEO may grant an additional time until the next settlement day to the party in default for remedy of its default. At the end of this additional time, the Exchange ex officio</p>	<p>Default ARTICLE 49- (1) Party failing to perform its obligations in the Markets within the frame of settlement principles and by the end of settlement time is deemed to have fallen in default. (2) However, if the precious metal or monetary obligations are fulfilled after the time designated therein in the settlement day, but within the same day, unless otherwise claimed by the creditor party or parties, the default provisions may not be applied thereon. (3) In case of failure in performance of obligations, the CEO may grant an additional time until the next settlement day to the party in default for remedy of its default. At the end of this additional time, the Exchange ex officio</p>

makes the subject precious metal bought or sold by the party, to whom delivery is not affected, depending on its being buyer or seller thereof.

(4) If precious metals of the same specifications cannot be procured from the market, precious metals having similar specifications may be used in the transactions.

(5) If the results of trade executed pursuant to the second paragraph of this article are more favorable than the non-executed trade, no action is taken in connection therewith. However, if the new trade is executed under more unfavorable conditions than the former one, the party in default is under obligation to pay the resulting difference to the Exchange or the Clearing House. If it is not possible to buy or sell the subject precious metal and/or such payments as principal sum, other differences and default interest arising out of the obligation are not made, then, the money required to be paid is ex officio met from and covered by the collaterals deposited by the related party.

(6) The party in default is charged interest in an amount calculated at an interest rate equal to twice the then-current overnight weighted average interest rates in Exchange Repo and Reverse Repo Market, or Exchange Interbank Repo and Reverse Repo Market or CBRT Interbank Money Market, whichever is the highest, for the period from the date of default to the date of performance of obligation, over the total exchange values or cash debts to be calculated over the weighted average prices of the defaulted precious metal as of the date of settlement, or if said prices are not formed yet, over a reference price under the principles to be determined by the CEO. Principles as to which extent the collected default interest is to be paid to the party or parties injured by the default are to be determined by the CEO.

(7) As long as the event of default continues, the receivables of the party in default covered by the event of default are blocked.

makes the subject precious metal bought or sold by the party, to whom delivery is not affected, depending on its being buyer or seller thereof.

(4) If precious metals of the same specifications cannot be procured from the market, precious metals having similar specifications may be used in the transactions.

(5) If the results of trade executed pursuant to the second paragraph of this article are more favorable than the non-executed trade, no action is taken in connection therewith. However, if the new trade is executed under more unfavorable conditions than the former one, the party in default is under obligation to pay the resulting difference to the Exchange or the Clearing House. If it is not possible to buy or sell the subject precious metal and/or such payments as principal sum, other differences and default interest arising out of the obligation are not made, then, the money required to be paid is ex officio met from and covered by the collaterals deposited by the related party.

(6) The party in default is charged interest in an amount calculated at an interest rate equal to twice the then-current overnight weighted average interest rates in Exchange Repo and Reverse Repo Market, or Exchange Interbank Repo and Reverse Repo Market or CBRT Interbank Money Market, whichever is the highest, for the period from the date of default to the date of performance of obligation, over the total exchange values or cash debts to be calculated over the weighted average prices of the defaulted precious metal as of the date of settlement, or if said prices are not formed yet, over a reference price under the principles to be determined by the CEO. Principles as to which extent the collected default interest is to be paid to the party or parties injured by the default are to be determined by the CEO.

(7) As long as the event of default continues, the receivables of the party in default covered by the event of default are blocked.

	<p><u>(8) (Should the default process be carried out by Takasbank, the provisions of regulations issued by Takasbank regarding Precious Metals Market are to be applied.</u></p>
<p>Price in Lending Transactions ARTICLE 35- (1) In lending transactions, price is the rate of interest or the rate of profit share. (2) Price is related to the quantity of precious metal, not the monetary amount thereof. (3) Among the orders where the kind and carat of the precious metal covered by the lending transaction, and date of maturity, currency, and preferences for performance of original value obligations are the same, the best price for borrowing orders is the order with the highest rate of interest or the highest rate of profit share, while the best price for lending orders is the order with the lowest rate of interest or the lowest rate of profit share.</p>	<p>Price in Lending Transactions ARTICLE 35- (1) In lending transactions, price is <u>the rate of return, while in wakala (investment agency) transactions , price is the rate of promised yield.</u> (2) Price is related to the quantity of precious metal, not the monetary amount thereof. (3) Among the orders where the kind and carat of the precious metal covered by the lending transaction, and date of maturity, currency, and preferences for performance of original value obligations are the same, the best price for borrowing orders is the order with <u>the highest rate of return</u>, while the best price for lending orders is the order with <u>the lowest rate of return</u>.</p>
<p>Announcement of Executed Transactions ARTICLE 42- (1) At the end of transactions executed in the Precious Metals Lending Market, prices and rates of profit share or interest observed at each maturity, and total amounts of transactions executed at those rates are announced by methods determined by the Board of Directors.</p>	<p>Announcement of Executed Transactions ARTICLE 42- (1) At the end of transactions executed in the Precious Metals Lending Market, prices and <u>rates of return</u> observed at each maturity, and total amounts of transactions executed at those rates are announced by methods determined by the Board of Directors.</p>

(3) The following revisions are made in this Directive on 18/03/2019.

DIRECTIVE ON PRECIOUS METALS MARKET AND PRECIOUS METALS LENDING MARKET REVISIONS COMPARISON TABLE	
FORMER TEXT	NEW TEXT
<p>Audit of Refineries ARTICLE 54-</p> <p>(6) Actions to be taken if and when the Exchange receives a complaint about bullions and/or granules produced by refineries the precious metals of which are traded in the Exchange and which are actively operating in Turkey are to be determined by the Board of Directors.</p>	<p>Audit of Refineries ARTICLE 54-</p> <p>(6) Actions to be taken if and when the Exchange receives a complaint about bullions and/or granules produced by refineries the precious metals of which are traded in the Exchange and which are actively operating in Turkey are to be determined by the CEO. <u>Upon completion of the process, the Board of Directors is informed about the complaint proceedings.</u></p>
	<p><u>The CEO's Authorization to Regulate</u> <u>ARTICLE 62 - (1) In reliance upon this Directive, the Board of Directors may authorize the CEO to issue regulations on matters referred to in articles 5, 15, 16, 17, 20, 21, 24, 25, 26, 30, 31, 34, 36, 37, 38, 40, 42, 43, 44, 48, 49, 50, 51, 55, paragraph 5 of article 10, paragraph 6 of article 54, paragraph 3 of article 58, and paragraph 1 of article 59.</u></p> <p>* In reliance upon this article, the required changes and revisions are inserted into the related provisions.</p>
<p>Effective Date ARTICLE 62- (1) This Directive shall become effective as of 27/09/2017.</p>	<p>Effective Date ARTICLE 63- (1) This Directive shall become effective as of 27/09/2017.</p>
<p>Enforcement ARTICLE 63- (1) The provisions of this Directive shall be enforced and executed by the Board of Directors.</p>	<p>Enforcement ARTICLE 64- (1) The provisions of this Directive shall be enforced and executed by the <u>CEO.</u></p>

(4) The following revisions are made in this Directive on 03/02/2020.

DIRECTIVE ON PRECIOUS METALS MARKET AND PRECIOUS METALS LENDING MARKET REVISIONS COMPARISON TABLE	
FORMER TEXT	NEW TEXT
<p>Scope ARTICLE 2- (1) This Directive regulates the procedures and principles regarding: ğ) Lending Market transactions, and </p>	<p>Scope ARTICLE 2- (1) This Directive regulates the procedures and principles regarding: ğ) Lending Market <u>and Wakala/Investment agency</u> transactions, and </p>
<p>Definitions and Abbreviations ARTICLE 4- </p>	<p>Definitions and Abbreviations ARTICLE 4- (1) The following definitions and abbreviations are in the context of this Directive: ğ) <u>“Participation Bank” stands for participation banks as defined in the Banking Law no. 5411, and</u> o) o) <u>“Principal” refers to the part who entrusts its precious metals to an agent for management purposes, and the agent undertakes to return a promised yield and the capital, as defined in this Directive, against precious metals entrusted by it, and</u> s) <u>“Capital” refers to precious metals delivered and entrusted by principal to agent in the Precious Metals Lending Market via trading system for operation for a certain period of time, and</u> y) <u>“Promised yield” refers to an amount of yield expected by the agent, which is agreed upon between the agent and the principal and which the agent promises to pay to the principal in addition to capital at the end of maturity and</u> z) <u>“Agent” refers to member banks that, operates precious metals in the name of principal, and makes investments with precious metals entrusted to it, and promises to pay an amount of</u></p>

	<p><u>yield in addition to capital at the end of a certain maturity and have a Participation Banking license, and</u></p> <p>.....</p> <p><u>aa) “Wakala/investment agency contract” refers to a contract signed by and between an agent participation bank and a principal for trading in the Precious Metals Lending Market in accordance with the participation banking principles.</u></p>
<p>FOURTH CHAPTER Special Provisions on Lending Market and Wakala (Investment Agency) Transactions Granting Trade Authorization ARTICLE 30- (2) Mutual funds may execute their lending transactions through precious metals market intermediary institutions which are authorized to trade in the Precious Markets Lending Market and act as an intermediary in trades of the fund.</p>	<p>FOURTH CHAPTER Special Provisions on Lending Market and Wakala (Investment Agency) Transactions Granting Trade Authorization ARTICLE 30- (2) Mutual funds may execute their lending <u>wakala (investment agency)</u> transactions through precious metals market intermediary institutions which are authorized to trade in the Precious Markets Lending Market and act as an intermediary in trades of the fund.</p>
<p>Precious Metals that may be Subject of Lending Transactions ARTICLE 31- (1) In the Precious Markets Lending Market, lending transactions are executed for specific kinds and types, as determined by the CEO, of precious metals traded in the Precious Markets Market. (2) Precious metals imported from abroad or produced out of ore cannot be the subject of lending transactions before they are traded first in accordance with article 12 of this Directive.</p>	<p>Precious Metals that may be Subject of Lending and Wakala (Investment Agency) Transactions ARTICLE 31- (1) In the Precious Markets Lending Market, lending <u>and wakala (investment agency) transactions</u> are executed for specific kinds and types, as determined by the CEO, of precious metals traded in the Precious Markets Market. (2) Precious metals imported from abroad or produced out of ore cannot be the subject of lending <u>and wakala (investment agency)</u> transactions before they are traded first in accordance with article 12 of this Directive.</p>
<p>Lending Transactions ARTICLE 32- </p>	<p>Lending <u>and Wakala (Investment Agency) Transactions</u> ARTICLE 32- <u>(4) Wakala (investment agency) is a type of transaction wherein price, maturity and capital amounts are freely determined by suppliers providing precious metals for wakala</u></p>

	<p><u>(investment agency) and demanders requesting precious metals for wakala (investment agency) within the frame of predetermined trading hours and rules, and at the end of maturity, the capital and the promised yield are paid by the wakala (investment agency) undertakers to the party supplying precious metals for wakala (investment agency) in the same type of precious metal or in the currency predetermined according to the principles set by the Board of Directors, and the settlement of transaction is made by the Clearing House.</u></p>
<p>Original Value and Additional Value</p> <p>ARTICLE 33- (1) Original value stands for the lent or borrowed precious metal.</p>	<p>Original Value and Additional Value</p> <p>ARTICLE 33- (1) Original value stands for the lent or borrowed precious metal <u>in lending transactions, and for capital in wakala (investment agency) transactions.</u></p>
<p>Trading Units</p> <p>ARTICLE 34- (1) Lending transactions are effected over weight unit. End-of-maturity obligations may be fulfilled in the form of precious metal, Turkish Lira or a foreign currency designated by the CEO within the frame of the principles determined by the CEO.</p>	<p>Trading Units</p> <p>ARTICLE 34- (1) Lending <u>and wakala (investment agency)</u> transactions are affected over weight unit. End-of-maturity obligations may be fulfilled in the form of precious metal, Turkish Lira or a foreign currency designated by the CEO within the frame of the principles determined by the CEO.</p>
<p>Price in Lending Transactions</p> <p>ARTICLE 35- (1) In lending transactions, price is the rate of return.</p>	<p>Price in Lending and Wakala (investment agency) transactions</p> <p>ARTICLE 35- (1) In lending transactions, price is the rate of return, <u>while in wakala (investment agency) transactions, price is the rate of promised yield.</u></p> <p>.....</p> <p><u>(4) Among the orders where the kind and carat of the precious metal covered by the wakala (investment agency) transaction, and date of maturity, currency, and preferences for fulfilling the original value obligations are the same, the best price for wakala undertaking orders is the order with the highest rate of promised yield, while the best price for wakala giving orders is the order with the lowest rate of promised yield.</u></p>
<p>Recallability and Early Delivery</p>	<p>Recallability and Early Delivery</p>

<p>ARTICLE 36- (1) Recallability stands for the right of lender to request performance of the obligation before the date of maturity specified in the order.</p> <p>(2) Early delivery stands for the right of delivery of the precious metal borrowed by the borrower to the lender before the end of maturity thereof.</p> <p>(3) The principle of per diem deduction is applied in calculation of additional value in case of recall and early delivery.</p>	<p>ARTICLE 36- (1) Recallability stands for the right of lender in lending transactions <u>or client (principal) in wakala (investment agency) transactions</u> to request performance of the obligation before the date of maturity specified in the order.</p> <p>(2) Early delivery stands for the right of delivery of the precious metal <u>borrowed in lending transactions or received for wakala (investment agency) transactions by the borrower to the lender in lending transactions or by the agent to the client (principal) in wakala (investment agency) transactions</u> before the end of maturity thereof.</p> <p>(3) The principle of per diem deduction is applied in calculation of additional value in case of recall and early delivery <u>in lending transactions, while calculation of promised yield is based on the agent's declaration in case of recall and early delivery in wakala (investment agency) transactions .</u></p>
<p>Elements Required to be Included in Lending Orders</p> <p>ARTICLE 37- (1) Minimum elements required to be included in lending orders are determined by the CEO.</p>	<p>Elements Required to be Included in Lending and Wakala (investment agency) Orders</p> <p>ARTICLE 37- (1) Minimum elements required to be included in lending <u>and wakala (investment agency) Orders</u> are determined by the CEO.</p>
<p>Matching of Lending Orders</p> <p>ARTICLE 40- (1) Lending transactions are executed through matching of the best borrowing orders with the best lending orders with the same price in accordance with the rules of priority.</p>	<p>Matching of Lending Orders with Each Other and Matching of Wakala (investment agency) Orders with Each Other</p> <p>ARTICLE 40- (1) Lending transactions are executed through matching of the best borrowing orders with the best lending orders with the same price in accordance with the rules of priority, <u>while wakala (investment agency) transactions are executed through matching of the best wakala undertaking orders with the best wakala giving orders with the same price in accordance with the rules of priority.</u></p> <p>.....</p> <p><u>(4) A lending transaction order may be matched only with a lending transaction order, and a wakala (investment agency) transaction order</u></p>

	<u>may be matched only with a wakala (investment agency) transaction order.</u>
Rules of Priority in Lending Transactions ARTICLE 41- (2) In meeting the orders submitted to the Market, the higher priced borrowing orders are matched before the lower priced borrowing orders, while the lower priced lending orders are matched before the higher priced lending orders.	Rules of Priority in Lending <u>and Wakala (investment agency) transactions</u> ARTICLE 41- (2) In meeting the orders submitted to the Market, <u>in case of lending transactions,</u> the higher priced borrowing orders are matched before the lower priced borrowing orders, while the lower priced lending orders are matched before the higher priced lending orders. <u>On the other side, in wakala (investment agency) transactions, in matching the orders, the higher priced wakala undertaking orders are matched before the lower priced wakala undertaking orders, while the lower priced wakala giving orders are matched before the higher priced wakala giving orders.</u>
Announcement of Executed Transactions ARTICLE 42- (1) At the end of transactions executed in the Precious Metals Lending Market, prices and rates of return observed at each maturity, and total amounts of transactions executed at those rates are announced by methods determined by the CEO.	Announcement of Executed Transactions ARTICLE 42- (1) At the end of transactions executed in the Precious Metals Lending Market, prices and rates of return observed at each maturity, <u>and in wakala (investment agency) transactions, rates of promised yield,</u> and total amounts of transactions executed at those rates are announced by methods determined by the CEO.
Lending Renewal Transactions ARTICLE 43- (1) Lending transactions may be renewed for more than once upon mutual agreement of the parties thereto.	Lending <u>and Wakala (investment agency) Renewal Transactions</u> ARTICLE 43- (1) Lending <u>and wakala (investment agency) transactions</u> may be renewed for more than once upon mutual agreement of the parties thereto.
Principles of Settlement and Default in Lending Transactions ARTICLE 44- (1) At the end of maturity, the borrowing party is under obligation to deliver to the Clearing House both the precious metal borrowed and the surplus value thereof. Other procedures and principles regarding performance of obligations are determined by the CEO.	Principles of Settlement and Default in Lending <u>and Wakala (investment agency) transactions</u> ARTICLE 44- (1) At the end of maturity, the borrowing party is under obligation to deliver to the Clearing House both the precious metal borrowed <u>or received for wakala (investment agency)</u> and the surplus value thereof. Other procedures and principles regarding performance of obligations are determined by the CEO.

<p>(2) The party borrowing the precious metal is deemed to have fallen in default in case of failure in performance of its obligations at the end of maturity. In this case, without any further notice or without need to get a prior consent of the member failing in performance of its obligations, the available collaterals are realized and turned into cash for performance by the Exchange of the obligations of that member towards the counterparty.</p>	<p>(2) The party borrowing <u>or receiving the precious metal for wakala (investment agency)</u> is deemed to have fallen in default in case of failure in performance of its obligations at the end of maturity. In this case, without any further notice or without need to get a prior consent of the member failing in performance of its obligations, the available collaterals are realized and turned into cash for performance by the Exchange of the obligations of that member towards the counterparty.</p>
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(5) The following revisions are made in this Directive on 24/06/2021.

DIRECTIVE ON PRECIOUS METALS MARKET AND PRECIOUS METALS LENDING MARKET REVISIONS COMPARISON TABLE	
FORMER TEXT	NEW TEXT
<p>Definitions and Abbreviations</p> <p>ARTICLE 4- (1) For the purposes and in the context of this Directive:</p> <p>.....</p> <p>b) “Exchange” stands for Borsa İstanbul Anonim Şirketi, and</p> <p>.....</p> <p>n) “Undersecretariat” stands for the Treasury Undersecretariat, and</p> <p>.....</p> <p>p) “Refinery” refers to certain refineries which are included in the list of refineries determined by the Exchange and the precious metals of which are to be traded in the Exchange within the frame of regulations issued by the Undersecretariat, and</p>	<p>Definitions and Abbreviations</p> <p>ARTICLE 4- (1) For the purposes and in the context of this Directive:</p> <p>.....</p> <p>b) “<u>Ministry</u>” stands for the <u>Ministry of Treasury and Finance</u>, and</p> <p>.....</p> <p>p) “Refinery” refers to certain refineries which are included in the list of refineries determined by the Exchange and the precious metals of which are to be traded in the Exchange within the frame of regulations issued by the Ministry, and</p>
<p>Delivery of Imported Precious Metals to Exchange</p> <p>ARTICLE 10-</p> <p>.....</p>	<p><u>Importing Precious Metals and Delivery of Imported Precious Metals to Exchange</u></p> <p>ARTICLE 10-</p> <p>.....</p> <p><u>(5) (5) If it is detected, prior to or after importing precious metals, that a precious metals intermediary institution takes actions in contradiction with the regulations of the Ministry, the relevant precious metals intermediary institution’s import activities may be suspended by the CEO temporarily for a period of 1 to 6 months due to such contradictory actions, and in case of repetition of contradictory actions, may be stopped permanently, in due consultation with the Ministry. Regulations regarding this application are made by the CEO with a prior approval of the Ministry.</u></p>

<p>Performance of Trading Obligations ARTICLE 48-</p> <p>(4) In wash sales of nonstandard precious metals, other than gold, produced out of ore, and nonstandard precious metals imported from abroad, the settlement may be conducted on the basis of fineness report outside the Exchange, providing that it is seen by the Exchange officers. In these transactions, transaction and withdrawal fees (commissions) are collected as if the precious metals are delivered to the Clearing House. In special circumstances deemed fit and appropriate by the Undersecretariat, the provisions of this article are applied also for nonstandard gold produced out of ore.</p>	<p>Performance of Trading Obligations ARTICLE 48-</p> <p>(4) In wash sales of nonstandard precious metals, other than gold, produced out of ore, and nonstandard precious metals imported from abroad, the settlement may be conducted on the basis of fineness report outside the Exchange, providing that it is seen by the Exchange officers. In these transactions, transaction and withdrawal fees (commissions) are collected as if the precious metals are delivered to the Clearing House. In special circumstances deemed fit and appropriate by the Ministry, the provisions of this article are applied also for nonstandard gold produced out of ore.</p>
<p>Physical Delivery of Precious Metals from Vault ARTICLE 51-</p> <p>(1) Those authorized to trade who have precious metals in their accounts in the Clearing House take delivery of precious metals through their settlement officer against submission of a precious metal withdrawal letter duly signed by their authorized signatories. The precious metal withdrawal letter may also be sent by secured electronic media, whereupon a written instruction is not requested.</p>	<p>Withdrawal of Precious Metals from Vault, Depositing in Vault and Internal Transfer ARTICLE 51-</p> <p><u>(1) In the Custodian Vault:</u></p> <p><u>a) Depositing and delivery of precious metals to accounts, and</u></p> <p><u>b) Withdrawal of precious metals from accounts, and</u></p> <p><u>c) Transfer of precious metals among accounts (internal transfer), other than settlement movements linked to trades are executed only upon instructions given either by the account owner or by person or persons authorized to represent the account owner. These instructions are sent via secured electronic media.</u></p> <p><u>(2) If the instructions cannot be sent via electronic media due to technical reasons, they may be duly signed by the duly authorized officers and delivered in writing to the Exchange. Regulations regarding the application are to be issued by the CEO.</u></p>
<p>Powers of Exchange Regarding Refineries ARTICLE 52- (1) Pursuant to the regulations issued by the Undersecretariat and within the frame of the principles set down in this Directive,</p>	<p>Powers of Exchange Regarding Refineries ARTICLE 52- (1) Pursuant to the regulations issued by the Ministry and within the frame of the principles set down in this Directive, it is within the</p>

<p>it is within the area of authorization of the Exchange to prepare and announce a list of refineries of which precious metals will be traded in the Exchange, and to review and respond to the applications of refineries established in Turkey or international refineries for inclusion in the list, and to audit the listed refineries established in Turkey within the frame of the applicable laws and regulations.</p>	<p>area of authorization of the Exchange to prepare and announce a list of refineries of which precious metals will be traded in the Exchange, and to review and respond to the applications of refineries established in Turkey or international refineries for inclusion in the list, and to audit the listed refineries established in Turkey within the frame of the applicable laws and regulations.</p>
<p>Information to <u>Undersecretariat</u> and Powers of <u>Undersecretariat</u></p> <p>ARTICLE 60- (1) The Undersecretariat is separately informed about disciplinary punishments, if any, requiring temporary withdrawal or cancellation of authorization to trade granted pursuant to the Regulation on Operating Principles of Precious Metals Exchange Intermediary Institutions and on Foundation of Precious Metals Intermediary Institutions.</p> <p>(2) Transactions, accounts, records and books of those authorized to trade in the Markets as specified in the preceding paragraph are subject to audit and supervision of the Undersecretariat.</p>	<p>Information to <u>Ministry</u> and Powers of <u>Ministry</u></p> <p>ARTICLE 60- (1) The Ministry is separately informed about disciplinary punishments, if any, requiring temporary withdrawal or cancellation of authorization to trade granted pursuant to the Regulation on Operating Principles of Precious Metals Exchange Intermediary Institutions and on Foundation of Precious Metals Intermediary Institutions.</p> <p>(2) Transactions, accounts, records and books of those authorized to trade in the Markets as specified in the preceding paragraph are subject to audit and supervision of the Ministry.</p>
<p>The CEO's Authorization to Regulate</p> <p>ARTICLE 62 - (1) In reliance upon this Directive, the Board of Directors may authorize the CEO to issue regulations on matters referred to in articles 5, 15, 16, 17, 20, 21, 24, 25, 26, 30, 31, 34, 36, 37, 38, 40, 42, 43, 44, 48, 49, 50, 55, paragraph 6 of article 54, paragraph 3 of article 58, and paragraph 1 of article 59.</p>	<p>The CEO's Authorization to Regulate</p> <p>ARTICLE 62 - (1) In reliance upon this Directive, the Board of Directors may authorize the CEO to issue regulations on matters referred to in articles 5, 15, 16, 17, 20, 21, 24, 25, 26, 30, 31, 34, 36, 37, 38, 40, 42, 43, 44, 48, 49, 50, 51, 55, <u>paragraph 5 of article 10</u>, paragraph 6 of article 54, paragraph 3 of article 58, and paragraph 1 of article 59.</p>