

ISTANBUL GOLD EXCHANGE

Precious Metals Market

Who Can Trade on the Market?

Domestic or foreign banks, precious metals companies, currency offices, precious metals producing and marketing companies and precious metals refineries that obtained the membership certificate from the Under-Secretariat of Turkish Treasury and complied with the requirements set forth by the IGE Board of Directors can trade on the exchange.

Only IGE members are eligible to import precious metals who in turn should submit the precious metal to the IGE vault within three business days after the arrival of precious metal.

Conduct of Trading

The trading starts and ends with a signal from a floor expert. The members are represented by a broker on the floor who submits orders and executes transactions and another broker in their exchange office who contacts the head office or their customers. The brokers submit their order through a computer system under the supervision of exchange experts. The system automatically matches the order submitted by the buyers and sellers. The orders are listed on the screen based on price and time priority. When a match occurs the trade is automatically executed and registered. The pending orders are broadcasted worldwide beyond the trading floor through information broadcast services.

Trading Hours

In the IGE Precious metals market two daily sessions are held every working day. The morning session is held between 11:00 a.m. - 1:00 p.m. and the afternoon session between 3:00 p.m. - 5:30 p.m. While the members can monitor the quotations on European exchanges in the morning session, they can also monitor US Exchanges in the afternoon session.

Collaterals

In order to have the right to trade on the exchange the members have to submit two types of collaterals to the IGE. The first of these is the risk collateral which covers the possible losses that a member may cause to other members or the exchange. The second is the trading collateral which sets the upper limit on the transaction volume of a member. Hence a member can trade up to 25 times the sum of trading collateral and the amount of precious metals that is kept in the IGE vault in this member's account. The collaterals can be submitted as in cash (TL or foreign currency), letter of credit, gold bars, Treasury bonds and bills.

Clearing Department

The Clearing Department acts as the buyer to the seller and the seller to the buyer. The Clearing department takes collaterals against the risk of member default. In case a member does not fulfil its obligations the Exchange asks the member to cover the losses due to this incompleteness. If this loss is not remedied the Clearing Department uses the member's collaterals to cover it.

The clearing mechanism functions as follows: The precious metal is transferred from the seller's account in the IGE vault to the buyer's account. This is done by the Clearing House. The payment must be made to the Clearing Department account through a liaison bank. Then the clearing is completed.

Exchange Fee

Exchange collects a 0.00015 (one and a half to ten thousandth) trading fee both from the buyer and the seller that is 0.0006 (three to ten thousandth) in total. The trading fee doubles if the buyer and the seller is the same member. Exchange also collects a 0.0004 (four to ten thousandth) storage fee from the buyer in the delivery of the precious metal.

Transaction Units

The trades can be executed in three currencies: YTL/kg, US\$/oz, EUR/oz.

Settlement Days

YTL/kg and US\$/oz transactions can be settled on the same day(T+0) or optionally up to nine working days(T+9) later, increasing daily. The EUR/oz transactions can be settled on the same day (T+0) or the next day (T+1).

Gold Transactions Specifications

Types of Orders

There are three types of orders.

1. Normal Order: The order which is submitted for the gold bullions that was defined in the Communiqué concerning gold standards and the refineries subject to transactions in the Precious Metals Exchange which is published on the Official Gazette number 22242 and dated March 3, 1995 by the Republic of Turkey Prime Ministry Under-secretariat of Treasury. Normal order consists of 1 kg gold bullions originated from an internationally accredited refinery.
2. Large bar order: The order which is submitted for the gold bullions that was defined in the above mentioned communiqué. Large bar order consists of bullions between 350 - 430 ozs originated from an internationally accredited refinery.
3. Official Auction: This type of order responds to the gold sales of courts, official institutions in the Exchange. Exchange is authorised to determine the rules of this type of auction.

Order Amounts

Minimum amount for orders is 100 gram's and increases by multiples of 100 gram.

Minimum Price Fluctuations

The minimum price fluctuation in gold market is 1Ykr for YTL/kg quotations, 5 cent for US \$/oz quotations and 5 eurcents for EUR/oz quotations.

Fineness

The gold that is subject to transactions must have minimum 995/1000 and maximum 999.9/1000 fineness.

Silver Transactions Specifications

Types of Orders

There are three types of orders:

1. Normal Order: The order which is submitted for the bullion silver and platinum that are defined in the Communiqué concerning silver and platinum standards and the refineries subject to transactions in the Precious Metals Exchange which is published on the Official Gazette number 23672 and dated April 20, 1999 by the Republic of Turkey Prime Ministry Under-secretariat of Treasury. This order type contains silver bullions between 500 ozs (15,55174 kgs) and 1,250 ozs (38,87935 kgs),

2. Granule Order: The order which is submitted for the granular silver that is defined in the above mentioned Notification. This type of order contains the packed granular silver between 1 and 35 kgs.
3. Official Auction: This type of order responds to the silver sales of courts, official institutions in the Exchange. Exchange is authorized to determine the rules of this type of auction.

Order Amounts

Minimum amount for orders is 5 kg's and increases by multiples of 1 kg.

Minimum Price Fluctuations

The minimum price fluctuation is 1 Ykr for YTL/kg quotations, 1 cent for US\$/oz quotations and 1 eurcents for EUR/oz quotations.

Fineness

Silver that is subject to transactions must have minimum 99.9/100 fineness.

Platinum Transactions Specifications

Types of Orders

There are two types of orders:

1. Normal Order: The order which is submitted for the bullion silver and platinum that are defined in the Communiqué concerning silver and platinum standards and the refineries subject to transactions in the Precious Metals Exchange which is published on the Official Gazette number 23672 and dated April 20, 1999 by the Republic of Turkey Prime Ministry Under-secretariat of Treasury. This order type contains platinum bullions between 1 kg (32.1507425 ozs) and 6 kg (192,904455 ozs),
2. Official Auction: This type of order responds to the platinum sales of courts, official institutions in the Exchange. Exchange is authorized to determine the rules of this type of auction.

Order Amounts

Minimum amount for orders is 5 kg's and increases by multiples of 1 kg.

Minimum Price Fluctuations

The minimum price fluctuation is 1Ykr for YTL/kg quotations, 5 cents for US\$/oz quotations and 5 eurcents for EUR/oz quotations in platinum trading.

Fineness

Platinum that is subject to transactions must have minimum 99.95/100 fineness.

Non-Standard Gold Transactions Specifications

Order Types

There are three types of orders

1. Normal Order: The order which is submitted for the non-standard gold with the purity that is defined in the Article 5 of Communiqué concerning gold standards and the refineries subject to transactions in the Precious Metals Exchange, issued by the Republic of Turkey Prime Ministry Under-secretariat of Treasury.
2. Official Auction: This type of order responds to the non-standard gold sales of courts, official institutions in the Exchange. Exchange is authorized to determine the rules of this type of auction.

Minimum Price Fluctuations

The minimum price fluctuation is 1Ykr for YTL/kg quotations, 5 cents for US\$/oz quotations and 5 eurcents for EUR/oz quotations in non-standard gold trading.

Fineness

Non-standard gold that is defined in the Article 5 of the Communiqué concerning "Gold Standards and The Refineries" with minimum 585/1000 fineness, weighing between 1-15 kgs can be traded in the Exchange according to fineness report given by the National Mint or the Gold Refinery planned to be established in Turkey in the future.