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## The Regulation of The Istanbul Gold Exchange

(Published in the Official Gazette no. 23741 dated 30 June 1999 and amended by the Official Gazette dated 29.07.1999, No. 23770)

### SECTION ONE GENERAL PROVISIONS

#### **Purpose and Scope**

**ARTICLE 1-** The aim of the present regulation, based on the provision of Article 40/A of Code of Capital Markets, is to determine the foundation and operating principles and rules of the Istanbul Gold Exchange where the precious metals will be traded in accordance with Decree No. 32 concerning "The Protection of the Value of Turkish Lira" which was published in Official Gazette No. 23570 dated December 31, 1998 and confirmed the effectiveness of the same with the Council of Ministers decision and General Regulation Concerning The Foundation and Operating Principles of Precious Metals Exchanges.

#### **Abbreviations and Definitions**

**ARTICLE 2-** The meaning of certain terms, which appear in this Regulation, are as follows;

- a) General Regulation: General Regulation Concerning Foundation and Operating Principles of Precious Metals Exchanges, published in Official Gazette No. 21541 dated April 3, 1993,
- b) UT: Under-secretariat of Treasury,
- c) CMB: Capital Markets Board,
- d) Exchange: The Istanbul Gold Exchange
- e) Members of Exchange: Intermediary institutions who have obtained the Exchange Membership Certificate,
- f) General Assembly: General Assembly of the Istanbul Gold Exchange,
- g) Exchange Presidency: Presidency of the Istanbul Gold Exchange
- h) Board of Directors: Board of Directors of the Istanbul Gold Exchange,
- i) CBRT: Central Bank of Republic of Turkey,
- j) Precious Metal: Gold, silver and platinum that were defined and standardised by the Under-secretariat of Treasury,
- k) Precious Metals Market: The market where gold, silver and platinum that were defined and standardised by the Under-secretariat of Treasury will be traded,

l) The Intermediary Institutions of Precious Metal: Banks, private financial institutions, currency offices, precious metals brokerage houses and foreign individuals and corporations which were authorized to operate in the Exchange by the Under-secretariat of Treasury.

### **The Duties and Powers of Exchange**

**ARTICLE 3-** The main duties and powers of the Exchange are shown below:

- a) Forming the precious metal markets where precious metals that were defined by Under-secretariat of Treasury will be traded.
- b) Making the legal arrangements and organization for the markets, which are supposed to be formed.
- c) Ensuring the trust and effectiveness for the purchase and sale transactions which has taken place in the Exchange under conditions of free competition, in an open and orderly manner; implementing the legal procedures stated in the Regulation to members of Exchange who do not obey these rules.
- d) Taking necessary precautions according to the Regulations in case of some extraordinarily bad events occurring in the Exchange.
- e) Forming the markets that precious metals backed capital market instruments, which cover the lending of these, will be traded in.
- f) Implementing the duties given by the Board of Capital Market and Under-secretariat of Treasury.

### **Organs, Committees and Organization of the Exchange**

**ARTICLE 4 -** The Istanbul Gold Exchange consists of General Assembly, Board of Directors, Board of Auditors and Committees and Exchange President and Presidency of Exchange under control of Exchange President. The General assembly of Exchange consists of Exchange members and it is the supreme organ of the Exchange. Board of Directors consists of the Exchange President and four members elected by the General Assembly. The Exchange President is the head of the Board of Directors at the same time.

Duties, powers, definitions of foundation and operation principles concerning Exchange organs and organization shall be defined in Regulation concerning Organization, Duty and Operation Principles of the Exchange.

### **Working Hours of the Exchange**

**ARTICLE 5 -** The Exchange shall work only on official working days. The days and hours of transaction in the Exchange shall be determined by the Board of Directors.

### **Exchange Personnel**

**ARTICLE 6 -** Activities of the Exchange shall be performed by the Exchange personnel.

The qualifications of Exchange personnel, their number, recruitment procedure, terms of employment, and matters of discipline shall be subject to an internal regulation to be issued by the General Assembly of the Exchange.

Persons who have been deprived of civil rights, sentenced due to infamous crimes, gone bankrupt, have been subjected to a verdict of liquidation under the Decree in the Force of Law about the transactions of insolvent bankers, No. 35 and its appendices; concerning. Themselves or

any companies that they have been partner or manager, who have been employed as managers in companies whose exchange banker certificate or exchange membership certificate has been cancelled and who have shared the responsibility of such cancellations may not be employed in the Exchange.

The personnel of the Exchange may not accept any public or private job and engage in trade, unless otherwise specified by a special law, may not issue orders for buying or selling precious metal in the Exchange even indirectly, Activities in associations for charity and foundations for social assistance and education shall not be subject to the above provision of restriction.

### **Wages and Salaries**

**ARTICLE 7** - The payments to be made to the persons employed in the organs of the Exchange, such as President and Member of Board of Directors, Auditor, Committee Chairman and Members, to the personnel of Exchange and other people employed in connection with the business of the Exchange under the titles of honorarium, reimbursement of costs and fee shall be determined according to the procedures and principles laid down in the internal regulations of the Exchange.

### **Responsibility for Property of the Exchange**

**ARTICLE 8** - Money, documents, and all kinds of other properties of the Exchange shall be considered to be public property. The President of the Exchange, members of Board of Directors and Exchange personnel who violate these, abuse his/her duty or act in neglect shall be prosecuted as if they were civil servants.

The responsibility for damages caused by faulty acts of such persons during performance of their duties in the Exchange, such as excess of authority, neglect and severe mistake shall be effective solely upon the person who has caused such damage.

## SECTION TWO PRINCIPLES CONCERNING EXCHANGE MEMBERS

### **Exchange Members**

**ARTICLE 9** - The intermediary institutions, which have obtained the Istanbul Gold Exchange Membership Certificate, are the sole institutions authorized to effect transactions in the Exchange.

UT is authorized to restrict the number of Exchange members in total or on the basis of groups in line with the proposal of Presidency of Exchange.

Intermediary institutions apply to the Exchange with an approved copy of authorization licence that is given by UT concerning the available markets for the company to trade in the Exchange and an application form which contains the necessary documents concerning the conditions set forth in this Regulation was fulfilled in order to obtain Exchange Membership by the permission of Board of Directors.

The documents and information that are submitted to the Exchange must be signed by authorized persons of the intermediary institutions and completed in accordance with the membership conditions in this Regulation.

If the Exchange investigation concerning personnel, collateral, insurance, admission fee, necessary technological equipment for the market shows that these conditions have not been met, UT has been informed by the Exchange prior to approval for the membership.

If members who are authorized to trade in any market of the Exchange want to trade in another market in the Exchange or members who were suspended from trading want to trade again shall apply to the Exchange with a petition, which covers the related documents.

## **Exchange Membership Licence**

**ARTICLE 10** - Separate membership licence for each market is given to the Exchange members to trade. The membership licence contains the information concerning the available markets for the member to trade and other information required by the Exchange.

Exchange Membership Licence is recorded to Trade Register within 15 days after delivery and it has been advertised in the Turkey Trade Register Gazette, in two national newspapers and in Exchange bulletins. Corporations, which do not have Membership Licences, are not allowed to use any term that implies they operate in the Exchange in their titles or in their advertisements.

The conditions are the same as stated above for the cancellation of Exchange Membership Licence. The advertisement procedures are also same for the suspension of membership for more than five working days but the member is not taken out from Trade Register. All costs concerning the record, advertisement and others are paid by the member according to that article.

## **Notification of Amendments To The Exchange**

**Article 11** - Exchange Members are obliged to notify the Exchange in written form about the changes concerning their partners, capital shares, members of Board of Directors, Auditors and top level management, authorized staff and representatives and the changes that have been done upon the required amendments in the related Regulations within the two working days after the occurrence in written form by the quickest communication tools.

Banks, private financial corporations, currency offices, foreign persons and corporations are obliged to notify the Exchange in written form about the above mentioned changes in their related unit by the fastest way within two working days.

## **Types of Activities of Exchange Members**

**ARTICLE 12-** Exchange members may purchase and sell for the account of and on behalf of themselves, for the account of and on behalf of third persons or on behalf of themselves but for the account of third persons in the markets, which they operate in the Exchange.

## **Obligations of Members of Exchange**

**ARTICLE 13-** Members of Exchange are obliged to obey rules and principles contained in the Exchange Regulations and related rules, they must especially obey the following rules :

- a) Members have to behave according to rules of good will to their customers and other members and have to operate in compliance with the laws and regulations and the order and discipline of the Exchange
- b) Members have to obey the insurance and other procedures suggested by the Exchange for providing the financial and legal responsibility to their customers and third parties
- c) Members have to deposit the collaterals suggested by this Regulation and related regulations and complete their collaterals within the required period in case of margin calls
- d) Members have to pay the membership admission fee, yearly membership fee, Exchange commission and other fees within the required period
- e) Members have to inform the Exchange about changes in partnership, management and financial situation within two working days after the occurrence.

f) Members have to allow the investigation of Exchange concerning their Exchange books, to help the Exchange officials in these investigations, to submit all the documents demanded by the Exchange authorities.

g) Members are entitled to refuse the purchase and sale orders of customers in part or as a whole, however such refusal shall be advised to the customers or their representatives immediately, without any obligation to give justification.

h) Members may not accept or offer off-tariff commissions,

i) Members are responsible for all their transactions in the Exchange, including delivery of precious metals and payment of its cost,

j) Members are responsible for the activities of their representatives and assistants in the framework of their duties.

Provisions to be incorporated into the contracts concluded with the customers may not invalidate the obligations of members of the Exchange

### **Representation of Exchange Members**

**ARTICLE 14** - Members of exchange shall inform the Exchange management about persons who shall represent themselves in the Exchange, by submitting a copy of the document of authorization.

The representatives of members of Exchange may employ assistants whose maximum number shall be specified by the Board of Directors of the Exchange, and auxiliary personnel according to their requirements.

### **Qualifications of Representatives of members of Exchange and their Assistants**

**ARTICLE 15** - Representative of member is the person who can represent the member in floor operations, clearing and depositing / withdrawing in Exchange. He/she is also the authorized person with the signature who accepts the notification in the name of the Exchange member.

Representatives of members of Exchange and their assistants must:

- a) be a citizen of Republic of Turkey,
- b) be over at least 20 years of age,
- c) graduate from high school,
- d) not be under custody or prohibited from public services,
- e) not have been sentenced due to an infamous crime or gone bankrupt.

The Board of Directors of the Exchange may require interviews or examination in the recruitment of representatives and assistants.

Representatives of members of Exchange and their assistants may not engage in any business and trade other than those allowed in the laws and regulations.

Besides the above-mentioned qualifications that representatives of members must have, they must be regarded as experienced, well-informed, well-behaved after the investigation by Exchange Presidency. Exchange Presidency may temporarily permit the member representative to work until the result of this investigation.

Representatives are removed if it is understood afterwards that they do not have the required conditions for the job.

## **Membership Fees and Collaterals**

**ARTICLE 16** - Members of Exchange shall pay an admission fee to the Presidency of the Exchange in the amount determined by the Board of Directors of the Exchange as per ARTICLE 29 of the General Regulation. Board of Directors is authorized to determine the yearly fee and admission fee, which will be paid by members that operate in more than one market in Exchange, for each market. These fees are effective after the General Assembly decision.

After the notification of the permission of membership to the Exchange, Brokerage Houses apply to Exchange and pay,

- a) Admission fee,
- b) Membership fee in line with Article 24 of the to cover the losses of Exchange members, Exchange and customers caused by themselves,
- c) Transaction guarantees for the market that they will operate in,

The amount of fees and transaction guarantees and procedures for the delays are determined by the Board of Directors and become effective upon the approval of CMB.

Transaction guarantees are delivered to the Exchange or to the banks determined by Board of Directors.

The membership applications of Brokerage Houses, which do not fulfil the requirements in time, are suspended from being members.

The transaction guarantees are:

- a) Turkish Lira,
- b) Cash and foreign exchange, the kinds of which shall be determined by the Board of Directors of the Gold Exchange,
- c) Bank letters of guarantee subject to conditions are determined by the Board of Directors,
- d) Government Securities and Treasury Bonds of any kind.

After the delivery of Exchange membership certificate, members, who do not increase their collaterals up to the desired levels within the period determined by the Board of Directors, are suspended from being members temporarily until the obligations are fulfilled and the member can not trade in the Exchange for this period.

## **Cancelling The Membership**

**ARTICLE 17** - The Exchange member who wants to cancel their membership is obliged to inform the Exchange in written form. In case of leaving their membership, the period and conditions concerning the return of membership collateral are determined by the Board of Directors. But members have to fulfil all the requirements to the Exchange in order to deserve the return of membership collateral.

## **Suspension of Membership**

**ARTICLE 18** - In case of deficiency of Exchange members by contrasting the requirements stated in Article 9 of this Regulation, Under-Secretariat of Treasury is informed for the suspension of membership until the conditions are fulfilled.

## **Halting of Member Transactions As A Precaution**

**ARTICLE 19** - Exchange Members who do not fulfil their clearing and storage requirements may be suspended from trading and/or clearing and storing by the Exchange President up to five days as a precaution and Under - secretariat of Treasury and Board of Capital Market are informed on the situation. The Exchange President can increase the suspension period until a decision about this member has been made. Besides Exchange members who have been found faulty in terms of Regulation, found in financial deficiency by the Exchange have been reported to UT and CMB.

### SECTION THREE CUSTOMER ORDERS

#### **Submitting Forms of Customer Orders**

**ARTICLE 20** - People who want to trade in the Exchange shall communicate such requests to the members of the Exchange through purchase or sale orders. In principle, purchase or sale orders shall be in writing. However, the members of the Exchange are free to accept orders communicated to them orally or via phone or similar means of communication. Exchange members put these orders given by the customers in written form. These orders should be proved by the members. However member records, which do not have approval of customers, can not be used as proof. Such orders shall be recorded in the lists during acceptance of the same. The form of these lists are specified by the Exchange and entries are ordered. The relevant entry number and code will be advised to the customer immediately.

The customer who has given an order may modify or withdraw the same before its transfer to the Exchange,

#### **Details to be included in Customer Orders**

**ARTICLE 21** - A customer order must contain the following fundamental information.

- a) Name, surname or title of the member of Exchange to whom the order has been given
- b) Name, surname or title and address of the customer, or his code number in the books of the member,
- c) Whether the order is for purchase or sale,
- d) Quantity and other specifications of the precious metals to be purchased or sold,
- e) Whether the order is subject to a price limit or free with respect to price,
- f) The limit price for orders with price limits,
- g) Validity period of the order, if any,
- h) Place, date, hour and minute of the order,
- i) Whether the order shall be transferred to the Exchange in the first session following reception or at a suitable time to be determined by the member within the period of validity,
- j) The order number of the customer,
- k) Number of copies of the order,

Customer orders shall be issued at least in duplicate. A copy of the order shall be given to the customer who gave that order. The customer orders, which do not contain the information specified above, shall not be processed, except the oral orders mentioned in the first paragraph of article 20.

#### **Forms of Price Specification in Customer Orders**

**ARTICLE 22** - The customers may specify a purchase or sale price in their orders or allow the member to specify the same at his discretion.

Purchase or sale price specifications in the customer orders shall be in two types, namely "limited price" and "free price".

a) In limited price orders, the purchasers giving the order shall state the highest acceptable price for the transaction, whereas sellers shall state the lowest acceptable price for the intended sale. Such prices are called "limit prices". The price that emerges in the Exchange shall prevail over the limit prices when it is lower than the latter for purchase orders and equal to or higher than that for sale orders.

b) The customers who want to allow the member to freely determine the price for the intended transaction shall add the "free price" statement to their orders. The members of Exchange who receive such orders shall spend their best efforts for protecting the interests of their customers.

### **Period of Validity of Customer Orders**

**ARTICLE 23** - The customers are free to specify any period of validity for their orders.

The order shall be null and void when not fulfilled within the specified period.

The orders without validity period specifications, given during the session shall be valid for that session or that day, and otherwise for the first session or end of the day following from the date of the order. The customers may specify periods of validity for such orders later on, provided that it shall start from the date the order was given, and extend validity of orders upon expiration of the period of validity.

### **Obligations of the Customers Before Transfer of Their Orders to the Exchange**

**ARTICLE 24** - The members of Exchange may require that those who give purchase orders pay a deposit or guarantee, or the total cost of the precious metal intended to be purchased, against a receipt; and those who give sale orders deliver the precious metal intended to be sold to themselves or their representatives against a certificate of reception, as a prerequisite for transferring the order of the customer to the Exchange.

Such deposits, sums collected in advance or precious metal received shall be returned to the customer within latest 24 hours if the intended transaction is not effected. The deposits or sums collected in advance shall be deducted from the cost of purchase if the subject transaction has been effected.

## SECTION FOUR THE PRINCIPLES OF TRANSACTION IN THE EXCHANGE

### **The Transaction Procedure**

**ARTICLE 25** - The purchase and sale transactions of precious metal shall be effected in the presence of the Exchange experts and through matching the purchase and sale orders of the customers under conditions of competition.

The method of "multiple price" shall be used in the purchase and sale of precious metal. The method of "multiple price" operates according to the system of continuous auction whereby the purchase or sale transactions are effected over the prices obtained through matching purchase or sale orders one by one according to the rules of priority.

### **Effecting Transactions According to the "Multiple Price" Method**

**ARTICLE 26** - The display on screen or announcement of the members' purchase and sale orders and of the transactions effected in a manner which enables the concerned persons follow them is the fundamental principle in the application of "multiple price" method. The form of such display or announcement shall be determined by the Exchange Management.

The member who wishes to purchase or sell precious metal; shall transmit his or her order of precious metal purchase or sale to be entered to the system. If the order is a purchase order and

the price of that order is equal or higher than the best sale order, best sale order can be totally or partially matched. If the order is sale order and the price of that order is lower or equal to the best purchase order, best purchase order can be totally or partially matched.

- The members may cancel or change their purchase or sale orders, which they have given previously and which have not been affected yet and they may also purchase or sell their own orders provided that they comply with the rules of priority.

- The members who transmit purchase or sale orders shall not act in a manner that shall prevent the transactions of other members when giving an order or when making a transaction.

A contract shall be issued immediately after the transactions. The customer's order number, if any, shall be stated on these contracts.

### **The Rules of Priority**

**ARTICLE 27** - In matching the orders transmitted to the Exchange, the sale orders lower in price shall have priority over the higher ones and the purchase orders higher in price shall have priority over the lower ones.

In matching the orders transmitted to the Exchange, the order which has time priority matches first in cases of equality of prices.

Customer's orders are transmitted to the Exchange earlier than the orders given by the market members on behalf of themselves in cases of equality of time and prices.

### **The Procedures and Principles of Exchange Orders**

**ARTICLE 28** - The Exchange orders shall be given by the representatives of members in accordance with the procedures and principles determined by the Board of Directors.

### **Session**

**ARTICLE 29** - Session is the period between the time when the transactions start by the announcement of the Exchange official and the time when processing of transaction orders end by another announcement of the Exchange official.

### **The Price Range Applicable for the Transactions**

**ARTICLE 30** - The precious metals purchase and sale orders shall be matched only at the prices that are within the price ranges to be specified by the Exchange Management over each of the precious metal transaction unit prices.

The Board of Directors may change the price ranges provided that such change shall be announced at least one week in advance.

### **Session Opening Price**

**ARTICLE 31** - The method of determining opening price is decided by the Board of Directors.

### **Session Closing Price**

**ARTICLE 32** - The session closing price shall be the last price quoted by the Exchange.

### **The Prices Recorded by the Exchange**

**ARTICLE 33** - The price of the precious metal which has been purchased or sold in the Exchange will be quoted by the Exchange only on the condition that the transacted quantity of precious metal is equal to or more than the minimum transaction quantity indicated in the price ranges

which shall be determined by the Exchange Board of Directors according to the transaction unit price of precious metal.

### **The Provisional Suspension of Precious Metal Transactions**

**ARTICLE 34** - The President of Exchange may suspend the purchase and sale of any of the precious metal under the following circumstances:

- a) In case purchase and sale orders of extraordinary prices and/or quantities which shall prevent the constitution of a sound market for one of the precious metals are transmitted to the Exchange,
- b) The emergence of other conditions which prevent sound operation of the session.

The session may be re-opened if the President of Exchange issues the required permission within the same session and there is still time.

The President of Exchange may suspend the transactions of precious metals for maximum 3 days and the Board of Directors of Exchange may suspend transactions for maximum 7 days.

When any of the precious metals transactions are provisionally suspended, such suspension and its reasons shall be announced in the Exchange and in the Exchange Bulletin.

In case the period concerning the suspension of precious metal transactions exceeds the duration of one session, then the President of Exchange shall determine when the suspended precious metal transactions may be resumed and this shall be announced in the Exchange and in the Exchange Bulletin.

### **Cancellation of Prices and Effected Purchase and Sales**

**ARTICLE 35** - The President of Exchange may cancel the emerged prices and the transactions effected on the basis of these prices ex officio or upon the request of one or more Exchange members, under the following circumstances:

- a) In case a factual error has been committed during the emergence of the prices and the determination of the effected purchase and sale transactions,
- b) In case the price of precious metal has been determined through cooperation of the purchaser and seller,
- c) In case it has been observed that a member continuously transmits to the Exchange during one or more sessions purchase orders with higher prices than the preceding purchase order or that he/she continuously transmits sale orders with lower prices so as to create an artificial price for precious metal which does not reflect the real market value of the said precious metal.

The cancellation decisions shall be announced in the Exchange and the Exchange Bulletin published on the first working day following the date of such a decision.

In case of determination of the points stated in paragraphs b and c, disciplinary prosecution shall be executed about the related member or members. The concerned person or members shall be made to compensate for the loss that has occurred in relation to such acts.

### **Official Auctions**

**ARTICLE 36-** Precious metals sale transactions that are required by the courts to take place within the Gold Exchange, bailiff offices and other public offices shall be performed according to the following rules:

a) If an estimated price has been determined, the precious metal to be sold shall be put into transaction for not less than such a price. The Presidency of the Stock Exchange shall designate the member or the members and their order in advance by drawing a lot.

b) The member who has been charged by selling shall be paid commission over the tariff. In case of putting on sale directly, the commission shall be collected by the Stock Exchange.

c) The Presidency of Gold Exchange shall determine the maximum number of sessions that the official auctions may last, depending on the quality of the precious metal and the volume of transaction. The precious metal that is not sold within that time shall be returned to the authority who has demanded such sale. In this case, no official auction can be opened again for the precious metal presented for auction within 15 days following the end of the auction.

d) The delivery of the precious metal that has been sold to the customer, the collection of their costs, and the payment of the collected money to the related organization after deduction of the Gold Exchange costs, commission and other costs; shall be arranged by the Presidency of Gold Exchange.

### **Registration of Effected Transactions**

**ARTICLE 37-** At the end of the session; the total amount and the cost of the precious metal that each seller has sold and each buyer has purchased subsequent to the transactions which have been realized over the prices that have emerged, shall be listed on the statements of account. The statements of account shall be signed by the related expert and communicated to the related members.

The statements of account shall indicate the members who have sold the precious metal demanded by purchasing members, separately for the sales and purchases at each price that has emerged in the Exchange.

### **Announcement of the Emerging Prices**

**ARTICLE 38-** The prices which have emerged as a result of the transactions made in the Gold Exchange, and the total amount of transactions shall be announced at the end of the session.

Prices quoted at the Gold Exchange shall be announced as "the opening price of the session", "the minimum price", "the maximum price" and "the closing price" in the first issue of the Gold Exchange Bulletin which shall be published on the working day following the day of session.

If a price has not emerged for any of the precious metals at the session held that day, this situation shall also be announced in the Gold Exchange Bulletin.

### **Unit of Transaction**

**ARTICLE 39-** Unit of transaction refers to the minimum amount of precious metal that can be traded.

The Board of Management shall determine the unit of transaction and announce this in the Gold Exchange Bulletin, in consideration of the amount of supply and demand and the volume of the market.

### **Currency Principle**

**ARTICLE 40-** Precious metal can be purchased or sold at the Gold Exchange over the currencies determined by the Board of Directors according to the demands of the buyer and the seller.

SECTION FIVE  
PAYMENT AND CLEARING PROCEDURE

**Precious Metal Purchase Transaction Limits and Guarantee**

**ARTICLE 41** - The amount of precious metal that the Gold Exchange members can purchase and sell is limited to 25 times the total amount of the precious metal he/she has delivered to the Gold Exchange Clearing Center and their transaction guarantee paid upon Article 16/c within the Gold Exchange Clearing Center. Board of Directors can reduce this limit to 10 times if it deems necessary.

The members may increase or decrease such amounts at any time. The present obligations of the members shall be taken into consideration in reduction of the guarantees.

**The Delivery of the Imported Precious Metals to the Exchange**

**ARTICLE 42** - Unprocessed precious metals imported by the members of the Exchange shall be delivered to the Exchange Clearing House within 3 working days following the importation. Customs Administrations should inform the Presidency of the Exchange about the precious metal that has been imported.

The authority of the members to effect transactions in the Exchange shall be suspended in case they fail to deliver the unprocessed precious metal they have imported to the Exchange Clearing House, and such members shall be subjected to disciplinary prosecution.

**The Trading of Locally Produced Precious Metal in the Exchange**

**ARTICLE 43** - Locally produced precious metals in every kind and form and converted into the standards that can be traded in the Exchange are traded in the Exchange. Precious metals producers are required to inform the Exchange about their production in periods determined by the Exchange.

**Duration and Delivery in Effected Transactions**

**ARTICLE 44** - The effected purchase and sale transactions shall be transmitted to the Clearing Center through central computer during the session .

The obligation of the member who acts as the seller of precious metal is to deliver to the Clearing Center the precious metal sold, and to collect its price in accordance with the conditions prescribed in this regulation and the obligation of the member as who acts as purchaser is to pay the price of the precious metal he/she purchased to the Clearing Center and to receive the precious metal in accordance with conditions prescribed in this regulation.

The obligation of members concerning finalised purchase and sale transactions shall be performed in conformity with the time limits and conditions determined by the Board of Directors. The members who fail to perform their obligations within such time limits and in conformity with such conditions shall be considered to be in default.

In case of default, the member to whom delivery has not been affected will be made to purchase or sell the precious metal subject to such transaction by the Gold Exchange, through experts in the course of the following session depending upon whether he/she is a purchaser or seller.

The member in default shall pay interests to be calculated over the period from the date of default until the date on which he or she has performed his or her obligation, at a rate twice the highest interest rate declared by the Central Bank of Republic of Turkey for its transactions, on the basis of his or her debt in cash or the total exchange value of precious metal subject to default, to be calculated over the weighted average prices on the relevant transaction day. The three fourth

of this charged amount is given to the member who did not receive the payment, and other one fourth part of this amount is given to the Clearing House.

In case the results of purchase and sell realized in the above described form are more advantageous than the purchase and sell which have not been performed, then no action shall be taken. In case the new transaction has been made under more disadvantageous conditions, then the member who did not perform his or her obligation shall have to pay the difference of price between the two transactions to the Clearing Center. In case the purchase and the sale of the precious metal subject to such transaction could not be made and/or the payments such as principal, other charges and interests of default required in relation to unfulfilled obligations have not been effected, then the amount due will be deducted by the Gold Exchange from the guarantee which the concerned member has deposited in the Gold Exchange. In case a member is in default, the provisions of the ARTICLE 65 of this regulation shall apply to this member by the decision of the Board of Directors, after receiving his or her defence.

The defence of the member in default will be received within the period which will be determined by the Presidency of the Gold Exchange provided that this period will not be less than three working days. Failure to submit written statement of defence within such period without a valid excuse will be considered as abstention from defence.

#### **Delivery of Precious Metal**

**ARTICLE 45** - The precious metal sold in the Exchange shall be delivered to the Clearing Center by the sellers within the periods determined by the Board of Directors.

#### **Precious Metals Standards**

**ARTICLE 46** - The standard of the precious metal to be traded in the Gold Exchange shall be determined by the Under-Secretariat of Treasury .

#### **Announcement of the Results of the Orders of Customers**

**ARTICLE 47** - After the session has been closed, the members shall inform their customers in the same day whether their orders have been fulfilled or not.

Members are obliged to inform unfulfilled customers orders to their customers on the same day and within one hour after the end of the session.

The members have to return precious metals which they have received from the customer but could not sell and have to return the amounts they have collected from customers for unfulfilled orders within 24 hours the latest as of end of the session.

#### **Delivery of Precious Metal by the Members to Their Customers**

**ARTICLE 48** - The members may make deliveries from their stocks outside the Exchange Clearing House in connection with transaction in the Exchange. If the customer has paid the cost and the sale has been affected, the member should deliver the precious metal to his client within the period to be determined by the Board of Directors, starting from the time the session is closed.

#### **Commission**

**ARTICLE 49** -The customers shall pay "commission" to the members of Exchange over the amount of the transactions effected, according to the tariff whose maximum limits shall be approved by the Board of Capital Markets upon the proposal of the Board of Directors. There will not be any commission payment for the unfulfilled orders.

The authorized personnel of the Exchange may inspect whether the members of the Exchange have properly collected the fees and charges due or not, by examining members' books and accounts, and also witness such procedures in place.

#### **Payment of Exchange Fees**

**ARTICLE 50-** After the realized purchase and sale orders have been determined and announced, the fees payable to the Exchange in accordance with the commission tariff over such transactions shall be collected automatically by the Exchange Presidency, through debiting the account of each member in the Clearing House. The amount of such fees shall be assessed by the Board of Directors and come into force upon approval in the General Assembly.

### SECTION SIX MATTERS OF DISPUTE AND DISCIPLINE

#### **Committee of Disputes and Its Duties**

**ARTICLE 51 -** A Committee of Disputes is formed in the Exchange with the contribution of a chairman and two members.

The Committee of Disputes consists of a chairman and two members who have been graduated from Law or economics and management divisions of universities and chosen by the Board of Directors on behalf of Exchange members from the candidates shown in the Ordinary General Assembly with having expert qualities on Exchange transactions for two years. Besides maximum three members arranged in order shall be assigned reserves by Board of Directors.

The committee of Disputes helps the Exchange Board of Directors in solving the disputes between members and the disputes between members and customers.

The committee shall be authorized to perform any and all investigations on behalf of the Board of Directors, to hear the parties and witnesses, and to ask the Exchange Presidency appoint expert witnesses. The Committee shall submit its opinion of the subject dispute to the Presidency of the Exchange in writing, along with the basis documents, after completing its investigation.

The Committee shall perform its functions in the form of board. The Chairman of the Committee shall be responsible and authorized with respect to management of the Committee and sharing of duties between the members.

The Directorship of Legal Affairs of the Exchange shall act as the secretary of the Committee.

Committee convenes with the presence of at least two members and minimum of two affirmative votes are required to pass a sentence. Abstention votes are not allowed. A member voting against must give reasons for the sentence.

The first substitute member is appointed to permanent member for completing the duty period in favour of the member whose membership ends or eliminated.

#### **Settlement of Disputes**

**ARTICLE 52-** The disputes emanating from the transactions in the Exchange between members of the Exchange or between members and their customers shall be settled in accordance with the procedures and principles specified in the current Regulation.

#### **Authority**

**ARTICLE 53** - The Board of Directors shall be responsible for settlement of the disputes, which are referred to the Exchange; the Committee of Disputes shall assist the Board of Directors on such matters.

The decision of the Board of Directors concerning the settlement of disputes shall be conclusive. However, appeal to administrative judicial authorities is allowed.

#### **Venue for Settlement of Disputes**

**ARTICLE 54** - The disputes between members of the Exchange must be settled at the Exchange.

The disputes between members and customers shall be settled in the Exchange if;

- a) The member and their customers have jointly agreed upon applying to the Exchange, or,
- b) The client has applied to the Exchange.

According to the second paragraph of Article 27 of the General Regulation, the customer may directly refer to administrative courts before applying to the Exchange.

The members who have been informed that their disputes with customers have been referred to administrative courts must inform the Exchange Presidency about the situation within three working days, in written form.

#### **Rules of Settlement**

**ARTICLE 55**- The disputes shall be settled in accordance with existing laws and regulations, and principles of customs, practice and equity when subject dispute is not covered by the former.

#### **Prohibition of Involvement**

**ARTICLE 56**- Members of the Board of Directors and the President and the members of the Commission of Disputes cannot participate in the procedures and decisions concerning themselves, their spouses or children, or the organizations they represent.

#### **Application**

**ARTICLE 57**- In case of dispute, the related person shall submit a petition to the Presidency of Gold Exchange demanding the settlement of the dispute within the Gold Exchange through administrative measures.

Names and addresses of the parties, case facts, legal reasons, evidence and customer order numbers or the receipt given by the member if the dispute is with a member, and the final request shall be stated in the petition of application, the form and principles of which shall be determined by the Board of Directors; and the relevant documents shall be attached.

#### **Review and Resolution**

**ARTICLE 58** - The Presidency of Gold Exchange shall serve one copy of the petition regarding the settlement of the dispute to the other party within three working days the latest, as of date it has been submitted to the Presidency. The response shall be anticipated for seven working days the latest. President of the Gold Exchange shall transfer the file to the Commission of Disputes for inspection after the reply has been received or the specified time has elapsed; or shall summon the Board of Directors directly to discuss the matter of dispute if it concludes that the case is clear enough.

The Commission of Disputes shall complete its activities on the investigations and inquiries within five working days the latest following the delivery of the file, and submit its opinion to the Presidency of Gold Exchange in written form. In case the commission cannot complete its activities in due time, an extension may be requested by informing the Presidency of Gold Exchange about the situation. Such extension shall not exceed five working days.

The Board of Directors shall decide upon the dispute in the first meeting held after submission of the opinion of the Committee of Disputes to the Presidency of Exchange and shall serve the decision to the parties.

### **Amicable Settlement**

**ARTICLE 59** - The parties may amicably settle their disputes at any time after such dispute is referred to the Exchange.

The parties must inform the Presidency of Exchange immediately in case of an amicable settlement.

### **Notifications**

**ARTICLE 60** - The sentences passed with respect to disputes shall be notified to the parties by registered return mail to their addresses indicated in their petitions. In case of failure of this notification the sentences are notified to members by means of notary in accordance with the rules of The Notification Law number 7201.

### **Records of Disputes**

**ARTICLE 61** - The Exchange shall keep a book for keeping the records of subjects of disputes, parties and summary sentences. The copies of sentences shall be kept at a special file for each year regularly.

The files of disputes must be preserved for at least five years in the Exchange

### **Committee of Discipline and its Duties**

**ARTICLE 62** - A Committee of Discipline is formed in the Exchange with the contribution of a chairman and two members.

Committee of Discipline consists of the chairman and two members who have been graduated from university and chosen by the Board of Directors from the candidates shown in the Ordinary General Assembly for two years. The persons who will be chosen for the Committee must not be in a position in other organs of the Exchange. Besides maximum three members arranged in order may be assigned as reserves by Board of Directors.

Committee convenes with the presence of at least two members. The committee helps the Board of Directors in making disciplinary sentences due to the violation of order and honesty in Exchange, fraud in duties of Exchange, violation of Exchange rules.

The duties of the Committee include making inquiries concerning disciplinary penalties determined by the Regulation, passing a final sentence according to provisions of the Regulation and submitting the sentence to the approval of the Board of Directors.

Minimum of two affirmative votes are required to pass a sentence. Abstention votes are not allowed. A member voting against must give reason for the sentence.

The first substitute member is appointed to permanent member for completing the duty period in favour of the member whose membership ends or eliminated by any reason.

The Directorship of Legal Affairs of the Exchange shall act as the secretary of the Committee.

### **Disciplinary Penalties**

**ARTICLE 63** - One or more than one of the disciplinary penalties in Article 64 shall be given according to the nature of the situation, nature and severity of the action to those who violate the order and integrity of the Exchange or those who have recourse to fraud in the Exchange, those who do not abide by the laws made to carry out Exchange transactions in an open, orderly and honest manner and those who were found to have acted against the rules of this Regulation.

### **Types of Disciplinary Penalties**

**ARTICLE 64** - Disciplinary penalties, which may be given to the Exchange members and/or representatives, are as follows:

- a) Warning: It is notified in writing to the concerned person that he/she must be more careful and attentive in his/her obligations and conduct.
- b) Censure: It is notified in writing to the concerned person that he/she is considered to be faulty in his/her actions and obligations.
- c) Fines: The fine is to be paid the latest after 5 working days after the final sentence is passed by the authorities according to the first paragraph clause (c) of Article 28 of the General Regulation. The amount of fines, which will be determined by the Board of Directors, is announced to the members at first with a notice.
- d) Temporary Exclusion from Exchange Membership and/or Member Representative Status: No transaction being made for one to four weeks or depending on the nature of the act for one to six months on behalf of the Exchange member concerning whom a final sentence has been passed and the prohibition of activity of this Exchange member in the concurrent time period.
- e) Permanent Exclusion from Exchange Membership and/or Member Representative Status: To terminate the status of Exchange Member or Member Representative irrevocably.

### **Action and Conduct That Requires Disciplinary Penalties**

**ARTICLE 65** - The actions and conduct that require the implementation of penalties in ARTICLE 64 are listed below.

- a) Warning:
  - aa) Lack of due respect and attention to Exchange procedures and principles.
  - ab) Being indifferent to or failing to fulfil duties and responsibilities due onto members.
  - ac) Engaging in conduct that is not in accordance with professional ethics and professional order and traditions.
  - ad) Uttering words that will damage the prestige of the Exchange,
  - ae) Acting contrary to courteousness and politeness in client or employer relationships.
- b) Censure:
  - ba) Indifference or negligence in fulfilling Exchange procedures and principles,

bb) Failing to attend to Exchange Board or Committee meetings the date of which has been determined on the last meeting or has been notified to the concerned person in writing, without an acceptable excuse,

bc) Disseminating incorrect information that may damage the prestige of the Exchange,

bd) Upsetting the working order of the Exchange,

be) Making unjust accusations about or mistreating the persons with whom one is in professional relations,

bf) Engaging in conduct outside the Exchange, that may damage the esteem and respectability requirements of Exchange Membership.

After punishing the member once with a warning, censure shall be given in case the member commits a new action that requires the same penalty, within the time period determined by the Regulation for the first penalty to be deleted from the records.

c) Fines:

ca) Intentional failure to fulfil Exchange procedures and principles,

cb) Failure to carry out the undertakings for clients, employers or Clearing and Deposit Center completely and promptly,

cc) Making incorrect and misleading statements about precious metal in transaction,

After punishing with censure, if the member commits a new action that requires the same penalty within the time period determined by the Regulation for the first penalty to be deleted from the records, a fine which will be determined by the Board of Directors gradually and announced to the members at first with a notice shall be paid by the member.

d) Temporary Exclusion from Exchange Membership and/or Status of Member Representative:

da) Physically assaulting, vituperating, threatening in public the Exchange members or personnel, including insulting and threatening expressions in letters,

db) Hiding documents concerning the Exchange in order to put someone in a difficult situation or to cover up one's own mistake,

dc) Failure to trade in the Exchange less than the amount of the membership guarantee in one calendar year,

dd) Engaging in actions stated in clause "b" and clause "c" of ARTICLE 35,

de) Failure to allow the authorized Exchange personnel to inspect accounts and transactions concerning the Exchange, failure to help or facilitate the work of such personnel.

The member will be subjected to the penalty of Permanent Exclusion from Exchange Membership in case he/she commits a new action requiring the same penalty within the time period determined by the present Regulation for the penalty to be deleted from the records after the member is subjected to the penalty of Exclusion from Exchange Membership,

e) Permanent Exclusion from Exchange Membership and/or Status of Member Representative:

ea) Disclosing information and documents that must remain secret according to the General Board or Board of Directors decision,

eb) Acting in a disgraceful way that does not conform to the status of Exchange Member or Member Representative,

ec) Destroying or distorting Exchange documents for the purpose of putting Exchange members or personnel in a difficult situation or for the purpose of covering up one's own mistakes, attempting to boycott the Exchange, being given a final sentence from an infamous crime such as theft, counterfeiting, abusing good will or fraudulent bankruptcy.

#### **General Rules on Implementation of Penalties:**

**ARTICLE 66** - General rules on implementation of penalties are as follows:

a) Taking into consideration the nature and the severity of the action or conduct, the Board of Directors may decide to apply one or several of the penalties in ARTICLE 65 simultaneously.

b) Considering the nature and severity of the action or conduct that requires penalty, a more or less severe punishment may be given.

c) Those who engage in actions and conduct similar to those requiring penalty under ARTICLE 65 shall be subjected to penalties of the same type.

d) According to last clause of ARTICLE 28 of the General Regulations, in case members or their representatives engage in actions requiring penalty for the purpose of obtaining benefits, the fine to be paid according to clause (c) of ARTICLE 64 shall be three times the benefit obtained and not less than 25 million TL.

e) In case it is determined that the member or member representative has engaged in the actions stated in clause (d) of ARTICLE 65, all the Exchange transactions of that person can be suspended until the sentence concerning the person becomes final.

#### **Procedure of Disciplinary Prosecution**

**ARTICLE 67** - The Committee shall carry out the disciplinary prosecution for the files sent from the Exchange Presidency in the following order:

a) Initiation of interrogation

The Committee shall initiate an interrogation of the person acting against the rules of this Regulation the latest ten days after the relevant complaint or notice has been submitted.

b) Defence:

It is obligatory to demand a written defence for the interrogation and to allow a period of at least seven days after the date of notification for this defence. The Committee may invite the member subjected to prosecution or his/her representatives for a hearing, upon the request of the concerned person or at its own initiative. The committee shall give up to hear parties that have not complies with the invitation without an acceptable excuse.

c) Concluding the Interrogation

The Committee shall submit its decision to the approval of the Board of Directors within ten days after the completion of the interrogation procedure of the relevant file.

The Chairman and members of the Committee and the members of the Board of Directors may not take place in or vote in an interrogation concerning them.

d) Sentence of the Board of Directors and Notification of the same

The sentence of the Board of Directors shall be notified by sending a registered return mail to the address of the concerned person or delivering by hand against signature within one month after the sentence has been passed. In case of failure of this notification the sentences are notified to members by means of notary in accordance with the rules of The Notification Law number 7201.

f) Final Penalty

Disciplinary penalties shall be finalized after the notification of the sentence to the concerned person.

#### **Registering Disciplinary Penalties in Records and Deleting from the Records**

**ARTICLE 68-** Disciplinary penalties cannot be implemented before finalization.

The discipline penalties that have been finalized shall be registered to the records of the member concerned. Apart from definite exclusion, if the member does not commit any discipline offence for one year after the sentence has been finalized, the previous penalties in his record will not be taken into consideration in case of recurrence.

#### SECTION 7 MISCELLANEOUS PROVISIONS

#### **Principles Concerning Effecting Payments by Way of Deduction from the Collaterals**

**ARTICLE 69 -** The principles concerning effecting payments from guarantees against the losses caused by members on clients or the Exchange, which have been assessed as per ARTICLE 25 of the Regulation and not settled by the members themselves, shall be determined by the Board of Directors according to the results of inspection of the Exchange Presidency made as a response to the written demands from claimants.

#### **Default Interests and Fines Applicable to Late Payments to the Exchange**

**ARTICLE 70 -** The interests and fines applicable to debts to public shall be applied for all delays in payments such as membership fee, charges and rent which comprise the revenue of the Exchange.

#### **Exchange Bulletin**

**ARTICLE 71 -** The Exchange shall publish "Exchange Bulletin" on the workdays following the session day.

Exchange Bulletin shall cover the following matters, in addition to those listed in this Regulation.

- a) Prices that formed in the Exchange, by type of precious metal,
- b) Articles, news and other matters determined by Exchange Management.

The price of Exchange Bulletin and if necessary other fees, costs to be collected for the Bulletin or the advertisement tariff shall be determined by the Board of Directors.

#### **Statistics**

**ARTICLE 72 -** The Exchange shall publish periodical statistics on organization, activities and the precious metal under transaction in the Exchange. The annual statistics shall be published in the quarter following that year.

The Exchange shall make the statistics available against payment of the relevant cost.

### **Book of Exchange Transactions to be kept by the Members**

**ARTICLE 73** - The Exchange members are obliged to keep a book of Exchange transactions. The following information shall be recorded in this book:

- a) Buying and selling orders received,
- b) The buying and selling orders of customers or members transmitted to the Exchange by the member,
- c) The transactions that were or were not effected in the Exchange
- d) Information on the liquidation of the transactions that were effected,
- e) Information on transactions that were not effected,
- f) Commissions, expenditure returns and other income from the transactions.

The member may duly separate into chapters the book containing the above information.

Information shall be recorded into the Book of Exchange transactions within three working days following the substantiation of the transaction. The book may be bound or each page may be certified separately by the Notary.

The books or cards kept according to this Regulation shall be numbered consecutively and the Exchange shall certify these before they are used.

### **Annual Activity Report**

**ARTICLE 74** - Board of Directors shall send the annual activity report on its work to CMB, UT and to its members, ensuring that they receive it fifteen days before the ordinary general assembly meeting.

The report includes the personnel conditions, budget application, administrative work, Exchange transactions and all other necessary matters.

When not published by the Exchange, the whole, part or a summary of this report shall be published and declared to the public upon the request of UT and CMB.

### **Those Who can Enter the Exchange Building**

**ARTICLE 75** -

- a) Exchange members and representatives and clearing officials,
- b) Exchange Personnel, those with the right to attend the general assembly meetings (under Article 7 and 10 of the General Regulation) and other public officials involved in the Exchange,
- c) Persons appointed by UT, President, members and Department Managers of CMB, persons appointed by CMB,
- d) Visitors may enter the Exchange Building.

Exchange members, representatives and clearing officials must have entry cards. Different entry cards shall be issued for each category.

The visitors may not enter session Floors but they may meet Exchange personnel, members, representatives in the places determined by Exchange Presidency.

People entering the Exchange building must put the entry card or identity card given by the Exchange Presidency on a visible place on their collar.

The Exchange Presidency may limit the entry to certain parts of the Exchange building.

The arrangements concerning working order, entry to and exit from the Exchange building shall be communicated to the members and personnel with a circular letter.

#### **Audits on Exchange Members and the Obligation to Furnish Information**

**ARTICLE 76** - Exchange members' accounts and transactions in the Exchange may be audited any time by authorized personnel of the Exchange.

Details concerning the manner, scope and procedure of audits shall be determined by the Board of Directors.

#### **Other Regulations**

**ARTICLE 77** - Other regulations based on this regulation come into force upon the approval of CMB.

#### **Abrogated Regulations**

**ARTICLE 78** - "The Rules and Regulations of the Istanbul Gold Exchange" issued on the Official Gazette No. 21848, dated 13 February 1994 and its appendixes and modifications this regulation are abrogated.

#### **Effectivity**

**ARTICLE 79** - This regulation comes into force on the day of issuance.

#### **Execution**

**ARTICLE 80** - Exchange President executes this regulation.