

MARKET ABUSE COMMUNIQUÉ (VI-104.1)

(Published in the Official Gazette edition 28889 on 21/1/2014)

Purpose and Scope:

ARTICLE 1 – (1) The purpose of this Communiqué is to identify the acts and actions which cannot be explained by any reasonable economic or financial reason and are distorting the operation of exchange and other organized markets in confidence, openness and stability, and to set down the sanctions applicable on those committing such acts and actions.

Grounds:

ARTICLE 2 – (1) This Communiqué has been prepared and issued in reliance upon Article 104 of the Capital Markets Law no. 6362 dated 6/12/2012.

Definitions and Abbreviations:

ARTICLE 3 – (1) In the context of this Communiqué:

- (a) **“Persons Acting in Collaboration”** refers to persons who issue orders, or execute transactions, or engage in transfer of cash or cash equivalents or capital market instruments, or deal with account activities:
- 1) by being informed about orders or transactions, or order or transaction plans, or capital market instruments of one or more than one persons;
 - 2) in reliance upon an implicit, verbal or written agreement;
 - 3) by acting under guidance of same person or persons;
 - 4) by guiding one or more other persons;
 - 5) by using the accounts of others with or without an attorney agreement; or
 - 6) by using the same venue or any of the following; virtual media, computer, telephone or internet links or other communication channels;

or persons who unlawfully provide information about accounts, orders, transactions or companies to those committing such actions, or persons who make a cash, cash equivalents or capital market instrument transfer either directly or indirectly among themselves, or between their accounts or the accounts they use or manage regardless of the name of persons.

- (b) **“Exchange”** refers to an exchange as defined in subparagraph (ç) of first paragraph of Article 3 of the Law; and
- (c) **“Inside information”** refers to information, events and developments which may affect the value, price of capital market instruments or the investment decisions of investors thereon;
- (ç) **“Persons having inside information or periodic information”** refers to:
 - 1) Managers of issuers or their subsidiaries or their controlling corporations,
 - 2) Persons having inside information or periodic information by holding shares in issuers' corporation or in their subsidiaries or controlling corporations;
 - 3) Persons having inside information or periodic information due to performing their jobs, professions and tasks;
 - 4) Persons who obtained inside information or periodic information by committing crimes;
 - 5) Persons who know that the information they possess is inside information or periodic information or that should know when proven;
- (d) **“Issuer”** refers to legal entities, who issue capital market instruments, who apply to the Board for issue or whose capital market instruments are offered to public
- (e) **“Law”** refers to the Capital Markets Law no. 6362 dated 6/12/2012;
- (f) **“Wash Sale A-B-A”** refers to any transaction which is executed by the persons acting in collaboration between their own accounts by being both buyer and seller of those transactions taken place in exchanges and other organized markets, and which results in exchange of ownership of capital market instruments just between the persons acting in collaboration;
- (g) **“Wash Sale”** refers to any transaction which is executed by a person on his own accounts by being both buyer and seller of those transactions in exchanges and other organized markets, and which does not result in any change in ownership of capital market instruments;
- (ğ) **“Board”** refers to the Capital Markets Board; and
- (h) **“Material event disclosure”** refers to disclosures made pursuant to Articles 14 and 15 of the Law and as per regulations of the Board pertaining to disclosure of material events to public; and
- (ı) **“Market abuse actions”** refers to acts and actions which cannot be justified by any reasonable economic or financial means and which are of a nature deteriorating the functioning of exchanges and other organized markets in secure, openness and stability, provided that they do not constitute a crime; **“Periodic information”** refers to all information which are uncovered by the definition of inside information and are required to be disclosed as per regulations of the Board pertaining to disclosure of material events to public; and
- (i) **“Investment firm”** refers to intermediary institutions as well as other capital market institutions established to perform investment services and activities, the establishment and operation principles of which are designated by the Board, and banks.

Market Abuse Actions Regarding the Inside Information or Periodic Information:

ARTICLE 4 – (1) Persons having inside information or periodic information are required to preserve secrecy of such information up until the time of public disclosure is made in accordance with legislation.

(2) If persons, who directly or indirectly have inside information or periodic information, trade those relevant capital market instruments up until the time of public disclosure is made in accordance with legislation by:

- (a) sharing those inside information or periodic information with other persons by those informed persons
- (b) trading those relevant capital market instruments by the persons who directly or indirectly have inside information or periodic information through informed persons

are considered and treated as market abuse actions.

(3) Trading the relevant capital market instruments by persons who have inside information or periodic information or by the spouse, children or cohabitants of those informed persons during the period from the day immediately after the end of the accounting period of financial statements and reports of issuers, or of independent audit reports, to the date of disclosure of those statements and reports to public in accordance with legislation, is considered and treated as a market abuse action.

(4) Trading the relevant capital market instruments by persons who have inside information or periodic information or by the spouse, children or cohabitants of those informed persons, during the period from the date when inside information or periodic information is finalized to the date of disclosure of those information to public in accordance with legislation, is considered and treated as a market abuse action. Market Abuse Actions Regarding the Orders or Trades:

ARTICLE 5 – (1) Acts, actions and behaviors of those persons acting alone or acting together in exchange or in other organized markets, and which are accepted and deemed to be material or effective and which are related to modus operandi of capital markets or to determination of prices of capital market instruments, such as prices of capital market instruments, price variations, trading volumes, trading amounts, trading rates, order amounts, order rates, order cancellation amounts, order cancellation rates or order execution rates, distorting the confident, open and stable functioning of exchange and other organized markets, or creating wrong impression or misimpression regarding the prices, price variations, supply and demand of capital market instruments, or preventing formation of fair or convenient trading environment, or obstructing the proper formation of prices in a competitive setting:

- (a) by trading, or making transfers, or giving orders, or cancelling or changing orders; or
- (b) by issuing orders at different price levels; or
- (c) by giving reverse orders within the time period less than one minute such as a sell order at a price equal to or lower than the best purchase price in the market or a buy order at a price equal to or higher than the best sale price; or
- (ç) by executing Wash Sales or Wash Sales A-B-A; or
- (d) by executing transactions aimed at affecting the opening or closing prices; or
- (e) by executing transactions aimed at affecting the end-of-day or end-of-maturity settlement prices; or
- (f) by executing transactions aimed at increasing the price, lowering the price, or keeping the price fixed; or
- (g) by exceeding the position limits set for all accounts associated with a registry or on market basis in the futures and options market; or
- (ğ) by executing transactions in the same direction with transactions executed in the relevant

underlying asset market in the futures and options market

are considered and treated as market abuse actions.

Market Abuse Actions Through Communication or Correspondence:

ARTICLE 6 – (1) Acts of giving false, wrong or misleading information, spreading rumours, giving news, making material event disclosures, making comments or preparing reports, in such character as may influence the prices, values of the capital market instruments or the investors' decisions, or regarding the market indicators which may have influence thereon; and acts, by those who commit such actions, of giving any orders and/or making any trades in the relevant capital market instruments either before or after such actions are committed, shall be considered as actions distorting the market.

(2) If those listed in the 1st paragraph are spread by those who know or are supposed to know that they are false, wrong or misleading, and if those who committed such actions give any orders and/or make any trades in the relevant capital market instrument either before or after such actions are committed, it will be considered as actions distorting the market.

(3) Non-disclosure of information which is required to be disclosed pursuant to the regulations of the Board pertaining to public disclosure of material events and may affect the prices, values of capital market instruments or the decisions of investors is considered and treated as a market abuse action.

(4) To sell a capital market instrument in spite of giving an advice of buy or hold, or to buy a capital market instrument in spite of giving an advice of sell, after making comments or giving advices about such capital market instrument by using newspapers, television, internet or similar other mass media, until the date of revising such comment or advice or in any case within 5 business days thereafter, is considered and treated as a market abuse action.

Other Market Abuse Actions:

ARTICLE 7 - (1) Prior to issue orders to investment companies, relevant exchange or other organized markets of a size that may influence the price or value of capital market instruments, to give orders to trade the capital market instrument or other relevant capital market instruments with advance knowledge of order information of investors, or to change or cancel such orders, or to transfer to third parties the information related to those orders are all considered as front running and treated as market abuse actions.

(2) In exchange or other organized markets, without an authorization through a notary- certified power of attorney:

- (a) to issue orders, execute transactions or make transfer by using the account of another person;
or
- (b) to allow other person to issue orders, execute transactions or make transfer by letting others to use his/her account

are considered and treated as market abuse actions.

(3) Breach of Article 27 of the Communiqué on Shares (VII-128.1) published in the Official Gazette edition 28685 on 22/6/2013 or of Resolutions of the Board pertaining to implementation of mentioned article is considered and treated as a market abuse action.

(4) If a person prohibited from trading by a decision of the Board trades in exchange or other organized markets by using his/her own account or the account of other person(s) during the period of prohibition period, that person is deemed to have committed a market abuse action.

Actions Not Considered As Market Abuse Actions:

ARTICLE 8 – (1) The circumstances which are not deemed as abuse of information and market fraud as set out in Article 108 of the Law, activities falling within the scope of freedom of media, and acts and actions that do not fall within the scope of Article 104 of the Law shall not be considered as market distorting actions.

Effective Date:

ARTICLE 9 – (1) This Communiqué becomes effective as of the date of publishing.

Execution:

ARTICLE 10 – (1) The provisions of this Communiqué shall be executed by the Board.

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LIST REGARDING THE AMENDMENTS TO THE COMMUNIQUÉ

- 1) Communiqué (VI-104.1.a) amending the Market Abuse Communiqué (VI-104.1) was published in the Official Gazette dated 18/02/2017 and numbered 29983

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