

**COMMUNIQUÉ ON MEASURES TO BE TAKEN  
FOR INSIDER TRADING AND MANIPULATION INVESTIGATIONS**

**(V.101.1)**

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**FIRST CHAPTER**

**Purpose, Scope, Grounds, Definitions and Abbreviations**

**Purpose:**

**ARTICLE 1 – (1)** The purpose of this Communiqué is to ensure effective and robust functioning of the market by taking all kinds of necessary measures for the actions to be detected or about which a reasonable doubt exists specified under Articles 106 and 107 of the Capital Markets Law no. 6362 dated 6/12/2012.

**Scope:**

**ARTICLE 2 – (1)** This Communiqué sets down the procedures and principles regarding the implementation of measures described in the first paragraph of Article 101 of the Law.

**Grounds:**

**ARTICLE 3 – (1)** This Communiqué has been issued in reliance upon the first paragraph of Article 101 of the Law.

**Definitions and Abbreviations:**

**ARTICLE 4 – (1)** For the purposes and in the context of this Communiqué:

- (a) **“Exchange”:** Systems and market places authorised in accordance with Law and established in the form of joint stock corporations operated and/or managed by themselves or a market operator to ensure smooth and secure trading of capital market instruments, foreign exchange, precious metals and precious stones and other contracts, documents and assets deemed appropriate by the Board under free competition conditions and to determine and declare the prices formed, which operate on a regular basis to bring together purchase and sale orders so as to execute them or to facilitate bringing together of such orders,
- (b) **“Gross clearing”:** Clearing at the settlement date not subject to netting of clearing obligations of entire purchase and sale transactions executed by an investor or on a particular capital market instrument in the same day,

- (c) **“Deposit requirement”**: A specific requirement that there shall be cash or capital market instruments within the investor’s accounts in the investment firm to which the order is given, when a buy or sell order is given on that capital market instrument, or alternatively, there shall be in advance cash or capital market instrument related to the respective transaction in the investor’s account within the investment firm, and the cash or capital market instrument shall be kept in those accounts until fulfilling the liabilities originated from the clearing of those transactions.
- (ç) **“Temporary ban on trading”**: Any kind of ban on trading for a period of 6 months to 2 years,
- (d) **“Law”**: Capital Markets Law no. 6362 dated 6/12/2012,
- (e) **“Public Disclosure Platform”**: refers to an electronic system to which the information shall be disclosed to public in line with the legislation is transmitted with electronic signature, and through which such information is disclosed to public;
- (f) **“Board”**: Capital Markets Board,
- (g) **“Reasonable doubt”**: Any kind of doubt as to the existence of one of the acts specified in Articles 106 and 107 of the Law, in reliance upon investigations carried out in capital markets by considering transaction patterns and transfers within accounts of those persons making the transactions or persons acting in collaboration with them, as well as historical price movements-trade amount analyses and actual floating rates of capital market instruments, and news and statements and notices or complaints on capital market instruments, and any corroborative signs,
- (ğ) **“CRA”**: Central Registry Agency Incorporation
- (h) **“Ban on trading”**: The ban specified in the second chapter of this Communiqué,
- (ı) **“Market-wide position limit** The maximum number of underlying instrument corresponding to the sum of all open positions in the market for all contracts based on the same underlying instrument in the futures and options markets,
- (i) **“Permanent ban on trading”**: Any kind of ban on trading for 5 years; and
- (j) **“Investor-based position limit”**: The number of positions taken in the same direction or corresponding maximum number of underlying instrument transacted in all accounts by a single investor for the contracts based on the same underlying instrument in the futures and options markets.

## **SECOND CHAPTER**

### **Ban on Trading**

#### **Situations leading to Ban on Trading:**

**ARTICLE 5 – (1)** In the investigations carried out by the Board, the Board may in its discretion impose a ban on trading in exchanges before the finalization of the investigation for those real persons or legal entities and the officials of legal entities about whom there exists a reasonable doubt.

(2) The Board may decide to impose a ban on trading on those real persons or officials of legal entities against whom a decision is made by the Board to file a criminal complaint at the Public Prosecutor's Office for committing the criminal offenses specified under Articles 106 and 107 of the Law, or on legal entities the accounts of which are used for committing those criminal offenses.

(3) If the persons subject to the ban on trading have committed those investigated acts through accounts of other persons, the Board may decide to extend the ban on trading to those accounts.

#### **Temporary Ban on Trading:**

**ARTICLE 6 – (1)** If the Board decides to impose a ban on trading with a reasonable doubt, the temporary ban on trading shall be imposed for 6 months. However, the Board is authorized to extend this period for an additional 6 months.

(2) If a decision is made to file a criminal complaint against a person at Public Prosecutor's Office as per Article 115 of the Law due to his criminal offenses specified in Articles 106 and 107 of the Law, the temporary ban on trading for that person shall be imposed for 2 years.

(3) In the calculation of the period of ban on trading as per the second paragraph of this Article, the ban period that has already been imposed as per the first paragraph of this Article shall be deduced from the total ban period of 2 years.

#### **Permanent Ban on Trading:**

**ARTICLE 7 – (1)** If a person banned from trading under the first or second paragraph of Article 6 and this Article of this Communiqué, commits offense specified in the Articles 106 and 107 of the Law via other persons' accounts, and if the Board decides to file a criminal complaint against that person at the Public Prosecutor's Office as per Article 115 of the Law for those criminal offenses, the Board may decide to impose a permanent ban on trading for 5 years against that person.

**Cessation of Ban on Trading:**

**ARTICLE 8 – (1)** Upon the end of the period of ban on trading, the ban on trading for the related person is automatically cancelled.

**(2)** The ban on trading for persons against whom a criminal complaint is filed due to their criminal offenses specified in Articles 106 and 107 of the Law is cancelled by the Board before the end of the ban on trading period, if the Board receives a notification of any of the following judgments:

**a)** The decision of nolle prosequi by Prosecutor's Office, and if applicable, the refusal of the High Criminal Court on the objection against the decision of Prosecutor's Office,

**b)** The judgment of dismissal by the Court.

**(3)** If the Board decides not to file a criminal complaint through an investigation against those persons who were imposed ban on trading based on a reasonable doubt, that ban on trading shall be cancelled by the Board.

**Capital Market Instruments subject to Ban on Trading:**

**ARTICLE 9 – (1)** Real persons or legal entities as well as the officials of those legal entities against whom a trading ban is imposed by the Board cannot buy or sell, and issue orders for, any of the following capital market instruments traded in exchanges during the period of ban on trading:

**a)** Shares;

**b)** Exchange traded fund units;

**c)** Futures contracts, except for those specified in the subparagraph (b) of the first paragraph of Article 10 of this Communiqué;

**ç)** Options contracts, except for those specified under the subparagraph (b) of the first paragraph of Article 10 of this Communiqué;

**d)** Warrants;

**e)** Certificates that the underlying instrument is index or shares traded in exchange; and

**f)** Other publicly-traded capital market instruments and those to be determined by the Board.

(2) The Board is entitled to restrict the scope of ban on trading to be imposed against the real persons or legal entities and the officials of those legal entities to certain capital market instruments.

**Capital Market Instruments and Cases beyond the Scope of Ban on Trading:**

**ARTICLE 10 – (1)** The persons against whom a trading ban is imposed by the Board can trade the following capital market instruments in exchanges during the period of ban on trading:

- a) Investment fund units;
- b) Futures or options contracts based on foreign currency, commodities or precious metals, and
- c) Debt securities.

(2) The persons against whom a ban on trading is imposed by the Board can trade in exchanges under the following cases during the period of ban on trading:

- a) Purchases in the exchange wholesale market, provided that the person banned on trading notifies the Board with a written document before the purchase,
- b) Purchases or sales in the over-the-counter market,
- c) If those who are banned from trading are publicly traded entities then those legal persons can make a sales transaction of the issued shares representing the increased capital limited with the purpose of capital increases, ,
- ç) Share purchase transactions through the use of the preemptive rights to purchase new shares during the process of capital increase, provided that a written approval of the banned person is received,
- d) Acquirement of shares through capital increase via bonus issue.

**Proxies and Joint Account Relationships:**

**ARTICLE 11 – (1)** The persons those of whom are banned from trading shall not trade in exchanges even through a proxy or as a proxy.

(2) For joint accounts, if any one of the owners of the joint account is banned from trading, the other account owner(s) shall also not trade via hose joint accounts.

(3) For joint accounts, if any one of the owners of joint account is banned from trading, the other account owner(s) may trade with capital market instruments in the joint account by

transferring them to the other account(s) on behalf of their own shares, provided that those joint accounts were not opened with an intention of circumventing the Board regulations.

**Actions to be Imposed on Violators of the Ban on Trading:**

**ARTICLE 12 – (1)** Investment firms, and their personnel, executives and members of the board of directors shall not allow, make an exception for, or ease the persons banned from trading to execute purchases or sales, or to issue orders, by using own or others' accounts during the period of ban on trading.

(2) Account owners shall not let a person banned on trading to use their accounts.

**Actions to be taken by CRA:**

**ARTICLE 13 – (1)** The CRA shall process a record of ban on trading in the accounts of persons banned on trading upon receiving the notification of Board Decision regarding ban on trading. When the Board Decision regarding the ban on trading is announced to the public, the instruments those are already owned and/or those are transmitted to those persons' accounts held with CRA or those are passed into those persons' ownership as a result of the purchase orders issued to exchanges as per acceptance rules of such orders, even such transfers are not yet realized, are processed as follows:

- a) The shares subject to investigation shall be pursued as banned shares, in order to prevent those shares to be used for clearing operations.
- b) The warrants subject to investigation shall be pursued as banned warrants in order to prevent those warrants to be used for clearing operations.
- c) If transactions leading to ban on trading are executed in the warrants market, the warrants' underlying instrument, shares, shall also be pursued as banned shares in order to prevent those shares to be used for clearing operations except for the warrants whose underlying instrument is some type of index.
- ç) If transactions leading to ban on trading are related to shares market, the warrants whose underlying instrument are those shares subject to investigation shall be pursued as banned warrants in order to prevent those warrants to be subject to clearing operations.
- d) If transactions leading to ban on trading are related to shares market, the warrants are not pursued as banned warrants even if the shares subject to investigation are included in the index as of the underlying instrument of the warrant.
- e) Except for those shares which are subject to investigation the other shares, are pursued as non-publicly traded shares.

- f)** Except for those shares which are subject to investigation, the status of warrants cannot be modified until the end of 20 business days as of the Board's decision date on ban on trade
  - g)** The warrants which are out of the scope of the investigation and the non-publicly traded shares both of which are not liquidated within 20 business days as of the Board's decision date on ban on trade, shall be recorded as banned instruments.
  - ğ)** The warrants held in the banned person's CRA accounts shall be liquidated at their expiration date, provided that the warrant expires before the ending period of ban on trading.
  - h)** The provisions of subparagraphs of this Article on warrants shall be applied to those certificates traded in exchanges.
  - ı)** The exchange traded fund units subject to investigation shall be pursued as banned shares.
  - ı)** The exchange traded fund units those of which are out of the scope of the investigation and are not liquidated within 20 business days as of the Board's decision date on ban on trade shall be recorded as banned instruments.
- (2)** The shares, warrants, certificates, exchange traded fund units and other capital market instruments subject to investigation of which are pursued as banned instruments cannot be bought or sold in exchanges during the period of ban on trading. The clarifications shall be disclosed to public by CRA via the Public Disclosure Platform.
- (3)** Except for those cases specified in the first paragraph of this Article, the codes of the capital markets instruments of which are transmitted to the banned person's CRA account or those are passed into those person's ownership cannot be differentiated after the date of ban on trading.
- (4)** Before the Board Decision regarding the ban on trading is announced to the public, it is allowed to fulfill the obligations both for the clearing operations and in the share-lending market in Istanbul Clearing and Custody Bank Inc., for those transactions that have already been executed by such persons, or for the buy or sell orders that are in progress of which are just submitted to exchanges by such persons as per order acceptance principles of exchanges. To fulfill the clearing obligations from those transactions, CRA can make the required changes in the definition of the security. The investment firms are allowed to transfer the shares of which security definition has been changed, and other capital market instruments subject to ban on trading, as well as the investment firms acting as an intermediary for the transaction is allowed to make transfers thereof among the accounts held within the clearing agency.

(5) CRA shall identify and report the information regarding the security code and the nominal amount of the capital market instruments to the Board, with differentiated security codes with respect to shares of each company.

### **Sales of Banned Capital Market Instruments and Non-Publicly Traded Capital Market Instruments:**

**ARTICLE 14 – (1)** The banned capital market instruments cannot be sold for any reason whatsoever in exchanges during the period of ban on trading, subject to exception specified in Article 15 hereof.

(2) The status of shares within the scope of ban on trading automatically changes ex officio to non-publicly traded shares upon expiration of the period of ban on trading. However, the status of warrants, certificates and exchange traded funds within the scope of ban on trading shall be converted into the publicly traded instruments.

(3) Sale of shares pursued as the non-publicly traded shares shall be executed under the provisions of Article 15 of the Communiqué on Shares (VII-128.1) published in the Official Gazette edition 28685 on 22/06/2013.

### **Redemption of the Banned Persons' Loans to the Investment Firms:**

**ARTICLE 15 – (1)** Upon receiving the notification of Board Decision regarding ban on trading, CRA shall demand information on the amount of the credit facilities that have been made available to the persons banned on trading through capital market instrument transactions as of the date of disclosure or notice of such ban on trading, as well as information on capital market instruments of such persons held within the investment firms as a security for such credit facilities, from such investment firms together with the notification of decision of ban on trading, to be sent to the Board.

(2) Investment firms seeking to redeem their outstanding loans used under the capital markets legislation by selling pledged capital market instruments shall send the enclosed letter of undertaking (Annex-1), their authorized signatories list, and additional documents and records supporting the statements given in that letter of undertaking, to CRA, together with the relevant notification.

(3) Investment firms can, within 20 business days as of Board Decision date, sell the capital market instruments of their customers those of whom has cash liability arising from the capital market brokerage operations. Those sales shall be limited to the actual outstanding debts of the banned person, provided that that amount does not exceed the highest amount of the credit that can be extended to a customer.



- (4) In case of significant fluctuation and drop in the prices of the securities in sales to be executed in exchanges, the Board may extend the period specified in third paragraph by also taking into consideration the request of related investment firms.
- (5) Sales under this Article are executed by investment firms pursuant to Article 15 of the Communiqué on Shares (VII-128.1).
- (6) Capital market instruments beyond the scope of investigation are sold preferentially, and if the proceeds of those sales do not meet the outstanding debts of loans, the capital market instruments subject to investigation are sold.
- (7) Letters of undertaking sent by investment firms to CRA are taken into consideration to make those capital market instruments saleable in exchanges.
- (8) Liquidation of the default and clearing obligations due to the failure of persons banned from trading in fulfilling their obligations by the end of the clearing period is subject to the same procedures with liquidation of loans. If investment firms intend to sell capital market instruments for clearing of delinquent debts, the aforementioned letter of undertaking is required to be sent to CRA within the specified time.
- (9) Capital market instruments held within the investment firms as a security for credits those of which are out of the scope of the capital market legislation can be sold in exchanges under this Article, only if such instruments are among the pledged assets according to CRA records as of the date of decision of ban on trading. Also for the sales under this paragraph, the enclosed letter of undertaking (Annex-1), authorized signatories list, and additional documents and records supporting the statements given in that letter shall be submitted to CRA.

#### **Provisions Regarding Futures and Options Contracts:**

**ARTICLE 16 – (1)** The persons banned on trading can only execute transactions for closing their current open positions in Futures and Options Market within 20 business days as of the decision date on ban on trading.

(2) If the end of maturity of any open positions held by persons banned on trading in Futures and Options Market is within the aforementioned period of 20 business days, the central clearing firms shall ensure ex officio liquidation thereof at the end of maturity.

(3) If the positions of the persons banned from trading requiring cash settlement in Futures and Options Market are not closed within 20 business days as of the date of decision on ban on trading, the central clearing firms shall ensure the liquidation of the open positions.

(4) If the persons banned on trading are required to deliver securities pursuant to and under contracts requiring physical delivery in Futures and Options Market, the Board may allow those persons to purchase those securities in the exchanges.

### **Imposing Ban on Trading Against Holders of Capital Market Licenses:**

**ARTICLE 17 – (1)** The capital market licenses of those persons shall be revoked for the period of ban on trading against whom a decision is taken by the Board to file a criminal complaint with respect to their acts contrary to Articles 106 and 107 of the Law, and accordingly to impose a ban on trading.

**(2)** The persons of whom licenses are revoked as above under this Communiqué cannot take any licensing exam during the revocation period.

**(3)** Personal identifying information and license revocation terms of persons with revoked licenses are recorded by Capital Market Licensing Registration and Training Agency Incorporation.

### **THIRD PART**

#### **Other Measures to be Taken for Insider Trading and Manipulation Investigations**

##### **Other Measures:**

**ARTICLE 18 – (1)** During the course of investigations when it is determined that there exists a reasonable doubt for the presence of the actions specified under Articles 106 and 107, the Board is authorized to impose any of the following measures on those real persons or legal entities and the officials of legal entities and the related capital market instruments including:

- a)** Implementing gross clearing mechanism on investors and/or capital market instruments,
- b)** Putting restrictions at the transactions of margin trading, short selling, borrowing and lending,
- c)** Imposing a transaction and/or position limit
- ç)** Imposing a warranty obligation or changing the obligation,
- d)** Imposing a requirement of depositing of securities in advance based on investors and/or capital market instruments,
- e)** Temporary suspension of trading of capital market instruments;
- f)** Restricting the extent of the distribution of the market data,
- g)** Being traded in different market or markets or determining different transaction principles,

ğ) Restriction on order transmission channels based on investors, investment firms, and/or capital market instruments

(2) The capital market instruments within the scope of measures taken by the Board, the full name or title information of the related persons, and the enforcement period of measures shall be reported to the exchanges for further disclosing in the Public Disclosure Platform.

(3) The Board is authorized to take all kinds of necessary measures to provide the effective and robust functioning of the market.

(4) Taking measures specified in this Article does not prevent an investigation to be carried out as a result of suspicion of illegal acts.

**FOURTH PART**  
**Other Provisions**

**Effective Date:**

**ARTICLE 19 – (1)** This Communiqué shall become effective three months after the publishing date.

**Execution:**

**ARTICLE 20 – (1)** The provisions of this Communiqué shall be executed by the Board.

**ANNEX-1**

**LETTER OF UNDERTAKING**

No.:.....

.../.../.....

It is understood that a ban on trading is imposed by the Capital Markets Board on our customer with account no. .... held with our investment firm pursuant to a decision of the Board no. .... dated .... In this respect, we have applied to CRA in order to commence necessary actions for sale of capital market instruments, of which codes and amounts are given below, in exchanges due to loans and delinquent debts accrued as a result of nonperformance by such customer of his obligations arising from clearing operations to our Firm within the respective clearing period.

Information on credit debts as well as on capital market instruments subject to conversion demand are given below.

A- Amount of Loans:

B- Amount of Delinquent Debts:

C- Capital Market Instruments Requested to be Sold:

C- Capital Market Instruments out of the Scope of Investigation:  
Account, Sub-Account, ISIN Code, Additional Definition, Balance

D- Capital Market Instruments Subject to Investigation:  
Account, Sub-Account, ISIN Code, Additional Definition, Balance

The aforementioned capital market instruments subject to a conversion demand for sales will be sold in order to clear loans and delinquent debts of the person. Such credit facility for that person was granted as per provisions of the Communiqué on Margin Trading, Short Selling and Borrowing and Lending Transactions of Capital Market Instruments (Serial V, No. 65). In the conversion of banned capital market instruments to non-publicly traded capital market instruments for collection of non-performing loans, the amount exceeding such non-performing loans shall be kept within the banned investor's account in order to ensure reconversion thereof to the banned capital market instruments, and shall not be transmitted to any other account through a bank transfer. We hereby declare and undertake that we will not execute any sale exceeding our receivables from such customer and we will preferentially sell the capital market instruments out of the scope of investigation, and that if the proceeds of sale of capital market instruments out of the scope of investigation fails to clear the debt of customer, we will sell the capital market instruments subject to investigation, as well as that we will not execute any transaction with the intent of circumventing the provisions of capital market legislation and the Communiqué on Measures to be Taken for Insider Trading and Manipulation Investigations (V-101.1), and otherwise, that we will accept any and all sanctions to be imposed by the Capital Markets Board.

General Manager, Vice General Manager

Enclosures:

- 1- Authorized signatories list of Investment Firm
- 2- Margin Trading Contracts
- 3- Current and Margin Account Statements
- 4- Written approval of banned person with a margin trading contract for conversion to margin trading of transactions under the scope of collection of loans, and delinquent debts accrued due

to nonperformance of respective settlement obligations within the settlement period by such person, pursuant to the subparagraph (a) of third paragraph of Article 16 of the Communiqué on Margin Trading, Short Selling and Borrowing and Lending Transactions of Capital Market Instruments (Serial V, No. 65).