

**COMMUNIQUÉ ON OBLIGATION OF NOTIFICATION  
REGARDING INSIDER TRADING OR MANIPULATION CRIMES**

**(V-2.102.1)**

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**Purpose:**

**ARTICLE 1 – (1)** The purpose of this Communiqué is to contribute to prevention and detection of insider trading and manipulation crimes provided that there is a matter implying any information or doubt that a transaction constitutes such crimes shall be reported to the Board by investment firms.

**Scope:**

**ARTICLE 2 – (1)** This Communiqué sets down the procedures and principles of notifications required to be made by investment firms to the Board provided that there is a matter implying any information or doubt that a transaction constitutes any of such insider trading and manipulation crimes.

**Grounds:**

**ARTICLE 3 – (1)** This Communiqué has been prepared based on Article 102 of the Capital Markets Law no. 6362 dated 6/12/2012.

**Definitions and Abbreviations:**

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

- (a) **“Bank”** refers to banks engaged in investment services and activities mentioned in the ninth paragraph of Article 39 of the Law among the banks defined in the Banking Law no. 5411 dated 19/10/2005;
- (b) **“Insider trading”** refers to the crime defined in the first paragraph of Article 106 of the Law;
- (c) **“Borsa İstanbul”** stands for Borsa İstanbul A.Ş.;
- (ç) **“Inside information”** refers to information, events and developments that may affect the value or price of capital market instruments or the investment decisions of investors;
- (d) **“Law”** refers to the Capital Markets Law no. 6362 dated 6/12/2012;

- (e) **“Board”** refers to the Capital Markets Board;
- (f) **“Manipulation”** refers to the crimes defined in the first and second paragraphs of Article 107 of the Law;
- (g) **“Periodic information”** refers to all information, uncovered by the definition of inside information, that are required to be disclosed as per regulations of the Board pertaining to public disclosure of material events;
- (ğ) **“Suspicious transactions”** refers to any transaction implying any information or doubt that constitute any of such insider trading and manipulation crimes;
- (h) **“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.

#### **Obligors of Notification:**

**ARTICLE 5 – (1)** Under Article 102 of the Law and for the purposes of this Communiqué, investment firms are under obligation to make notification about any suspicious transactions.

#### **Obligation of Notification Regarding Insider Trading or Manipulation Crimes:**

**ARTICLE 6 – (1)** Investment firms are obliged to notify the suspicious transactions to the Board in written form within five business days at the latest.

(2) If any knowledge or doubt on an insider trading crime exists, it is required to be notified together with all kinds of information, certificates, documents, identification data, call recordings, and other evidences kept in accordance with the legislation, which indicate the inside information and periodic information related to issuer, and trades based on such information, and persons involved in those trades.

(3) If any knowledge or doubt on a manipulation crime exists, it is required to be notified together with all kinds of information, certificates, documents, identification data, call recording and other evidences kept in accordance with the legislation, which indicate the trades executed, shares traded, persons acting in collaboration, accounts used, persons using the accounts, and relations between such persons.

(4) The fact that a suspicious transaction is notified or will be notified does not prevent the execution of such trades.

(5) A notification made in the context of the Law and this Communiqué shall not eliminate the obligation of notification imposed by the Law no. 5549 and by the legislation enacted based on this law.

(6) Making a notification regarding a suspicious transaction to the Financial Crimes Investigation Board as per the Law no. 5549 and the relevant legislation shall not eliminate the obligation of notification in the context of the Law and this Communiqué.

### **Responsibility Arising From Notification and Notification of Officers**

**ARTICLE 7 – (1)** Investment firm is finally responsible for notification of suspicious transactions regarding insider trading or manipulation crimes in accordance with the provisions of this communiqué. Board of directors of the investment firm, as the obligor of such notification, appoints an adequate number of personnel having capital markets advanced level licenses among senior executives of internal audit or inspection departments established in accordance with the legislation, and checks whether such personnel effectively and efficiently perform their duties and responsibilities arising from this Communiqué. Board of directors may explicitly delegate its aforementioned duty of control to one or more directors through a written decision.

(2) Investment firms provide the Board with information (name, surname, date of recruitment, job position, and other duties and functions, if any) regarding their personnel assigned for the obligation of notification arising from Article 102 of the Law and this Communiqué, and keep the Board informed regarding the changes in that information.

### **Confidentiality of Notifications, and Protection of Informers:**

**ARTICLE 8 – (1)** Even though a provision exists in special laws, those who make a notification to the Board cannot give information to third parties, agencies and institutions including those who are engaged in the transactions, about the notification made according to Article 102 of the Law and this Communiqué and about those to whom the notification has been made, except courts, prosecution offices and the Presidency of the Financial Crimes Investigation Board.

(2) Giving information to the Board, to professional staff assigned by the Chairman of the Board, to auditors appointed for audit of obligation of notification as per the Law no. 5549, to board of directors of investment firm, or to directors assigned by the board of directors under the first paragraph of Article 7 hereof does not violate the prohibition specified in first paragraph of this Article.

(3) The prohibition mentioned in the first paragraph of this Article covers the person, body and institutions notifying the suspicious transaction, or officers of them who actually execute and manage the transaction, or their legal representatives and agents, and other personnel of them who become aware of the notification about suspicious transaction in any manner whatsoever. Internal communications addressed to the personnel of investment firm assigned for the reporting obligation are also covered by the confidentiality conditions. If a suspicious transaction is notified via electronic media, those who make a notification cannot disclose or

provide to anybody any of cards, passwords and other information and tools in any media used for access to the system.

(4) Credentials of the officer making the notification is kept confidential. Information on those who make notification cannot be revealed to any third party person, body or institutions other than those listed in the first and second paragraphs of this Article. Necessary steps shall be taken in order to keep those credentials confidential and to maintain the security of those persons.

(5) Those who make notification are under obligation to take all of the necessary steps and measures for the confidentiality of notification forms and other supportive information and documents relating thereto, and for keeping them in a secure and safe environment.

**Format of Notification on Suspicious Transactions:**

**ARTICLE 9 – (1)** Investment firms confronting a suspicious transaction, after making an investigation about the transaction within the limits of their competence and facilities, send a notification to the address of Market Oversight and Enforcement Department in the Istanbul Representation Office of the Board by filling in the notification form given in Annex-1 hereof with the collected information and findings or by issuing a letter containing the minimum information included in that form. In an urgency, the notifications may also be sent to fax number (0212) 334 5603 of the Market Oversight and Enforcement Department. Following dispatch by fax, the same notification shall also be sent via regular mail.

(2) Information and documents supporting the suspicious action are attached to the notification form or letter. Necessary actions and measures shall be taken to ascertain the confidentiality of notifications.

(3) If new information and findings are acquired regarding the reported transaction, a new notification shall urgently be made as an attachment to the original notification.

(4) Those who make notifications shall be informed about the official registration of their notification, via electronic media through e-mail address given on the notification form.

(5) The Board is authorized to determine the procedures and principles regarding the preparation of notification forms, the obligation of delivery of notifications via electronic media and information communication means, and the use of electronic signature on suspicious transaction notifications.

**Conservation/Preservation and Submission:**

**ARTICLE 10 – (1)** Investment firms are obliged to keep the documents in any environment related to the notifications in the context of this Communiqué for a period of eight years following the date of submission, and the books and records related thereto for a period of eight

years following the date of last record therein, and to submit those upon the request of the Board.

(2) Those notifications sent to Board in the context of this Communique and all other information and documents related thereto shall be retained by the Board for a period of eight years after receipt.

**Other Provisions:**

**ARTICLE 11 – (1)** Suspicious transaction prototypes have been determined as shown in Annex-2 in order to guide the investment firms in detection of suspicious transactions regarding insider trading or manipulation crimes. However, in order to be able to make notification, the event leading to suspicion should not be required to comply with the prototypes defined herein. Even if the event leading to suspicion is entirely different from the prototypes, it should be notified upon an information or a suspicion on insider trading or manipulation crimes.

(2) In the course of assessment of suspicious transaction resembling the prototypes, the know-your-customer rule in the capital markets legislation should be taken into account, and the assessment shall be made on the basis of customers and transactions. Assessing whether a suspicious transaction or any matter leads to this suspicion, shall be evaluated by considering many of the transactions all together if necessary.

(3) In assessing whether a transaction is suspicious, various factors such as the customer's general profile, past investment characters and experience shall also be taken into consideration.

(4) The Board archives the notifications in a secure environment after classifying them.

(5) The Board may transmit the notifications to Borsa Istanbul for inspection purposes, in strict compliance with the confidentiality rules.

**Effective Date:**

**ARTICLE 12 – (1)** This Communique becomes effective as of 1/7/2014.

**Execution:**

**ARTICLE 13 – (1)** The provisions of this Communique shall be executed by the Board.

<b>NOTIFICATION FORM</b>
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**A- INFORMATION ON INVESTMENT FIRM ISSUING THE FORM:**

Name & Surname / Title:	
Address:	
Telephone No.:	Registry No./T.R. Identity No.
E-mail Address:	

**B- INFORMATION ON NOTIFICATION:**

Date of Notification:		Document Reg. No.:	
New or Additional:	“New” Additional	If additional, Date of Original Notification:	.../...../.....
Notification Type/Urgency:	“Normal”	“Urgent”	“Very urgent”

**C- SUSPICIOUS TRANSACTION INFORMATION:**

Date of Transaction:	“In single transaction : .../.../..... “In related transactions : .../.../.....
Place of Transaction:	
Transaction Type:	
Traded Capital Market Instrument:	
Transaction Amount:	
Place or Method of Transaction:	“Telephone” “Internet” ATM “Branch” “Others”

**D- INFORMATION ON ACCOUNT RELATED TO SUSPICIOUS TRANSACTION:**

Account Type:	“Time” “Demand” Investment “Overdraft Deposit” Others
Account Kept at:	
Account No.:	
IBAN:	
Account Holder:	
Account Opening Date:	...../...../.....
Account Closing Date:	...../...../.....

<b>EXPLANATIONS ABOUT SUSPICIOUS TRANSACTION</b>
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<p>Factors leading to categorization as a suspicious transaction:</p> <p>Information on suspicious transaction:</p> <p>Other material information:</p>
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Notifier? Officer's  
Name, Surname and Signature



**PATTERNS OF SUSPICIOUS TRANSACTIONS  
RELATING TO INSIDER TRADING OR MANIPULATION CRIMES**

**A) Prototypes of Insider Trading:**

- 1) If a customer makes a net purchase on a particular share either right after he opens an account or after he has remained dormant for a long time, and is impetuous in finalizing his transactions in a rash, and after the above mentioned transactions some material event affecting the value of the share occurs and with the rise of share price, the customer sells his shares and obtain an abnormal gain or profit in a short period of time.
- 2) In contradiction with his general transaction prototype if a person who may have access to inside information derive benefit from the transactions on the publicly held corporation either through net purchase or net sale on shares of a publicly held corporation prior to and/or after the occurrence of a material event affecting the publicly held corporation.
- 3) During a verbal order submission either via telephone or directly to the customer representative or during the period after the transactions are finalized if one gets an impression that a customer has an inside or periodic information concerning the publicly held corporation before other investors from the investor's words, expressions, behaviors, attitudes or timing of orders.

**B) Prototypes of Transaction-Based Manipulation:**

- 1) If a person or persons acting together misleads the market by taking positions aimed at keeping the price of a particular share fixed, or giving orders or executing transactions of size which may affect the supply and demand of the market or which may lead to a change in the share price when compare with the regular transaction amount and order size.
- 2) If a person or persons acting together misleads the market through executing large-scale transactions (trading of futures contracts, options and spot transactions in the same direction, which cannot be justified by hedging purposes) in different markets in contradiction with the general prototypes of the market which cannot be elucidated by normal financial justifications.

**C) Prototypes of Information-Based Manipulation:**

- 1) To affect the decisions of investors by providing false, wrong or deceptive information on a particular share



2) To take actions aimed at affecting the decisions of investors and thus, the prices of shares by disseminating misleading news in the market after a position is taken in a particular share. ,.

**D) Other Examples of Suspicious Transaction Prototypes:**

1) Use of the customer account by another person without authority either since the account is opened or sometime after the account is opened..

2) If the customer is in contact with persons who are subject to a trading ban imposed previously by a decision of the Board, and those transactions are executed by the guidance of those persons.

3) Execution of intense transactions of high amounts through the account of a person which is inappropriate with regard to the prototype transaction of that person under the similar age, professional qualifications, financial situation, and experience and know-how on capital markets per se.

4) If one links to, transmits an order to, or transacts in the investment firm system via the same IP address in a short period of time with respect to two or more different customer accounts which do not have the same residence or office address.

5) If customers who seemingly act independently provide the same address, telephone or similar other communication data, or send remittances to the same beneficiaries, or receive remittances from the same principals, or grant power of attorney to the same person or persons for their accounts.

6) If the customer wishes to deposit high amounts of money by hand, rather than sending remittance or EFT, or wishes to execute the remittance-form money movements by depositing or withdrawing cash money through the cash account.

7) If the customer of an investment firm wishes to give his orders via telephones with no sound recording, in conflict with the rules on transmission of orders by phone, or makes such proposals to employees or managers of investment firm to the aim.