



ORDER FULFILLMENT POLICY

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1. PURPOSE AND SCOPE

This policy specifies the general principles for the acceptance, processing, and fulfillment of customers' purchase or sales orders related to capital market instruments, including derivative instruments, to be realized on the domestic markets by Pasha Yatırım Bankası A.Ş. ("the Bank" in short) within the scope of "Transaction Brokerage" and "Portfolio Brokerage" operations in accordance with the Capital Markets legislation, and it applies to all units of the Bank which receive, transmit, and execute such orders. The bank is aware that all customer orders must be fulfilled instantaneously, fairly, and quickly.

2. DEFINITIONS

Bank: Pasha Yatırım Bankası A.Ş.

Framework Agreement: It is the agreement between the Bank and the Customer that is applicable to the transactions related to the capital market instruments.

Customer Receipt: It refers to the receipt issued between the Bank and the Customer, which includes details of the transaction related to the capital market instruments and the confirmation of the Customer and the Bank.

SPK: The Capital Markets Board

Communiqué of Investment Organizations: The Communiqué no. III-39.1 on the Establishment and Operating Principles of Investment Organizations that was issued by the Capital Markets Board within the framework of the Capital Markets Law No. 6362.

Portfolio Brokerage Unit: It refers to the Bank unit authorized by the Board of Directors to perform Portfolio Brokerage activities in accordance with the Order Fulfillment Policy.

3. DUTIES AND RESPONSIBILITIES:

Portfolio and Transaction Brokerage Unit:

- Pricing customer transaction requests,
- Entering customer orders into the system,
- Processing customer orders through portfolio or transaction brokerage operations,
- Ensuring monitoring of the transactions related to orders and control of transactions,
- Ensuring the entry over the system of the risk parameter values of Derivative Transaction Limit,
- Realizing entry of derivative transactions over the main banking system,
- Conducting the contracting, compliance testing, and risk notification activities with the customer under the legal legislation,
- Alerting the customers against risks associated with margin deficits.

Corporate Marketing:

- Directing customer communication and procurement and/or transmission of the required documents to the relevant units

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Information Technologies and Information Security Management Unit:

- Ensuring that phone calls made with customers are recorded,
- Ensuring that Bank Information Systems are operated in accordance with the relevant legislation and other regulations within the Bank,

Operations and Accounting Unit:

- In brokerage operations; the clearing, accounting, and operational transactions are carried out by the accounting and operations officer for derivative instruments if they are covered by derivative transactions, and by the accounting and operations manager for other transactions.
- Maintaining relevant documents obtained from customers,
- Establishing daily valuation of collateral with fair value,
- Reporting differences in collaterals and shortage of collaterals in accordance with the "Policy on Difference Reports",
- Approving the parameter values of Derivative Transaction Limit over the main banking system,
- Approving derivative transactions over the main banking system,
- Realizing the accounting records of closing transactions at the end of the term by monitoring the term of forward transactions,
- Issuing and maintaining the documents and reports contained in the legislation, communiqués, and policies.

Risk Management Unit:

- Realizing consistent assessment, identification, measurement, and control of the risks,
- Checking the compliance of the Risk Limits Document,
- Performing periodic reporting.

Internal Control Unit:

- Carrying out Second-Level controls in brokerage operations and order fulfillment processes.

4. POLICY FOR FULFILLMENT CUSTOMER ORDERS

4.1. Essentials of Accepting and Realizing Customer Orders

All units involved in the receipt and processing of customer orders carry out their activities in this context within the framework of the relevant SPK and Banking legislations and the internal

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regulations of the Bank issued accordingly, and within the written work flow and control procedures as well as the provisions set out in the framework agreements concluded with the customers. Customer orders are processed fairly and quickly on the basis of time and order priority, depending on the transaction type. Customer orders that have been received are maintained for the specified period of time by way of recording in accordance with the relevant legislation relating to the document and record order.

During the course of performing trading brokerage operations, customer orders are fulfilled in such a way as to give the best possible result to the customer, taking into account the preferences of the customers in terms of price, cost, speed, clearing, storage, counterparty and the like. Customer orders are processed fairly and quickly on the basis of time and order priority, depending on the transaction type. All similar customer instructions are carried out according to the order of instructions, taking into account the current market conditions and the interests of the customers. If the customer has an explicit instruction for the transmission of the order to a specific establishment or market, the customer order is fulfilled in accordance with the instruction. The customer may issue orders during the day in writing with a wet-signed order or by telephone or electronically or by similar means of communication, directly verbally. In the event of a failure of the Bank's fax, telephone or electronic communication systems, the customer may transmit his orders and instructions through other alternative systems in operation or in writing.

Customer orders that have been received are maintained for the specified period of time by way of recording in accordance with the relevant legislation relating to the document and record order. The customer may forward his orders from the telephone numbers he specified in the framework agreement that has been signed, as well as from other numbers apart from these numbers and addresses. If an order is sent from a number other than the number specified in the Framework Agreement, the Bank shall be free to perform the order at its own discretion. The customer is obliged to make all notifications he would serve and all orders and instructions he would give to the Bank in a way that is clear and leaves no room for hesitation and demonstrates all the characteristics of the capital market instruments, based on the capital markets legislation on the way of delivery, content, and price determination procedures and the particulars specified in the relevant articles of the Regulation on the Principles Regarding Stock Exchange Activities by Borsa İstanbul A.Ş.. The Bank is not obliged to fulfill the orders, instructions and notifications of the customer that are not clear or leave room for hesitation, unless such hesitation is corrected. The customer is responsible for monitoring the results of the trading transactions and the notification made to the customer via telephone, fax, internet or electronic media that the orders have been fulfilled will be valid.

It is necessary that the consideration for the capital market instruments ordered by the customer to be purchased must be present in his account before the order is issued to the bank at the latest on the day the purchase will be made, and the asset ordered by the customer to be sold must be available in the customer's account before the order is issued.

The Bank may keep the asset ordered by the customer to be purchased as collateral in accordance with the minimum capital market legislation. The value date in the transactions executed within the framework of the agreement is determined in accordance with the regulations of the authorized clearing house and the provisions of the relevant legislation.

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In case the order validity period is not specified by the customer, the order in the organized markets is deemed to have been issued to be valid for the session in question if it has been issued during the session, otherwise for the first session which follows; and in the other markets, if the order was not transmitted to the Bank so as to be valid until a specific date subject to the Bank's acceptance, it is deemed to have been issued to be valid for the whole day and it is canceled at the end of the day. The Bank may not accept orders on the days when the national and/or international markets are closed and may make changes in the delivery hours of the orders due to daylight saving time practice and similar changes in order to protect the interests of the customers, provided that they are written in the framework agreements to be signed with the customers.

4.2. Confidentiality of Customer Orders

Bank staff and managerial staff take utmost care of the confidentiality of customer orders that are pending or realized and cannot misuse such information or use it for personal benefit.

The Bank will take all necessary measures to ensure the confidentiality of this information and to prevent its misuse. The communication with the market makers or other institutions for the purpose of trading of capital market instruments or fulfillment of customer orders or sharing information with authorized institutions if requested do not constitute a contravention of the confidentiality of customer orders.

5. PORTFOLIO – TRANSACTION BROKERAGE OPERATIONS

5.1. Customer Classification

The Customer Representative provides his customers with information while undertaking classification about the class they have been included in and the relevant legislative provisions, and their right to change the class in which they have been included.

Customers that are qualified to be any of the following organizations are considered by the customer representative to be in the "Professional Customer" class and informed in writing about the provisions of the legislation that they will not be able to benefit from;

- Intermediary institutions, banks, portfolio management companies, collective investment institutions, pension mutual funds, insurance companies, mortgage financing institutions, asset management companies and the institutions established abroad that are equivalent to those,
- Retirement and assistance funds, funds established pursuant to the provisional article 20 of the Social Insurance Law no. 506 dated 17/7/1964,
- Public institutions and agencies, the Central Bank of the Republic of Turkey, international bodies such as the World Bank and the International Monetary Fund,
- Other institutions that could be treated by the Board as being similar to these institutions in terms of their qualifications,
- Organizations that meet at least two of the criteria of total assets of over 50,000,000 Turkish Liras, annual net income of over 90,000,000 Turkish Liras, and the shareholders' equity of over 5,000,000 Turkish Liras.

As the professional customer classification is made over the documents that are received from our customers and confirmed under the identification obligation of our Bank, the identification of the information contained above is being made in accordance with both the financial documents and the principles set out in our Bank's "Customer Recognition and Identification Procedure". If our

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customer declares in writing that he does not want to be assessed in the Professional Customer class after he has been informed by the Customer Representative, his declaration is taken into account and he is removed from the "Professional Customer" class and included in the "General Customer" class.

Our customers excluded by the items contained above are included in the "General Customer" class and informed by the Customer Representative about their class. Our customer in the "General Customer" class may request in writing to be included in the "Professional Customer" class if he has at least 2 of the following conditions.

- They must have performed at least 10 transactions with a volume of at least 500,000 Turkish Liras every 3-month period during the last 1 year in the markets where transactions are requested to be made
- The total of his financial assets, including cash deposits and capital market instruments owned, must exceed TL 1,000,000
- He must have served in one of the senior management positions in Finance for at least 2 years or worked as a specialist for at least 5 years in the field of capital market or got the Capital Market Activities Advanced License or Derivative Instruments License

In this case, the customer is removed from the "General Customer" class and included in the "Professional Customer" class, taking into account the customer's statement and requesting from the customer the documents certifying the information in question.

Our Bank is obliged to take the actions necessary to fulfill the obligations stipulated in the legislation in case it learns the emergence of a situation that could affect the customer's class.

5.2. Customer Contracts

Buying or selling orders related to the capital market instruments by the customers who have not completed the following steps are strictly not carried out in the Bank.

- Customer representatives in the Portfolio and Transaction Brokerage Unit provide the customer first with the Investment Services and Operations General Risk Notification Form. They get a written statement that this form has been read and understood, and give a copy of it to the customer.
- He explains any commission, fee and tax amount or rates related to the transactions and gets the customer's written declaration that the disclosure has been understood.
- He gets the customer's signature on the framework agreement.
- Depending on the types of transactions the customer wishes to perform, he discloses to the customer the risks associated with the capital market instruments that are covered by the transaction and receives a written declaration that the disclosures have been read and understood by the customer.

The customer representative delivers the customer's documents for storage to the accounting and operations officer concerned.

As the Bank works with legal entities only, it is up to the customer representative whether to conduct conformity and correctness tests or not.

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In case of any change in the amount or rates of commission, fee, and tax related to the transactions, the information will be provided to the customers by the relevant customer representative, including by e-mail as well, within 3 working days following the date on which the change becomes valid. In case of non-e-mail notifications, written statement of the customer is obtained. The statement that is received is handed over for storage to the accounting and operations officer concerned.

5.3. General Functioning and Process

The Bank fulfills its customer orders as laid out in the section for Order Fulfillment Policy and within the framework agreement by accepting them within the framework of the obligation to perform the customer's order in the best possible manner and the requirement for diligence and loyalty. The Treasury Unit Manager makes the decision as to the fulfillment of the customer's trading order either from the Bank's portfolio (Portfolio Brokerage Operation) or through transmission to the Stock Exchange or other organized marketplaces on behalf and on account of the customer or on his behalf and on customer's accounts.

5.3.1. Portfolio Brokerage Operations

- The Treasury Unit determines the prices at which transactions are to be carried out in line with the Bank's strategy in accordance with general market conditions and fair values. The prices specified are entered into the system by the Treasury Unit Manager and approved by the Operations and Accounting Unit comparing them with the instructions.
- Customer orders falling within the scope of derivative transactions are taken by the derivative customer representative within the limits specified by the legal regulations.
- Clearing, accounting, and operational transactions for the customer orders that have been received are carried out in the banking applications by the derivative instruments accounting and operations officer if they are within the scope of derivative transactions and by the accounting and operations officer for other transactions as laid out in the section for Order Fulfillment Policy.
- Regulations on documenting and recording all orders that have been received, executed or unrealized as well as customer accounts and statements are realized as set forth in the Banking and SPK regulations.

5.3.2. Transaction Brokerage Operations

- The orders that require transactions to be made on the Stock Exchange are also received and fulfilled within the framework of the principles set out in the relevant legislation.
- In case the Bank executes the orders by communicating them to an entity authorized for portfolio brokerage operations;
- It signs a written agreement with this entity before starting the transactions, which includes the mutual rights and obligations of the parties
- It monitors the accounts and transactions belonging to the customers on a customer basis in the Bank
- It fulfills customer orders before the orders of the same price that have been issued on its own account or on account of the related persons
- Clearing, accounting, and operational transactions for the customer orders that have been received by the Treasury are carried out in the banking applications by the derivative instruments accounting and operations officer if they are within the scope of derivative

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transactions and by the accounting and operations officer for other transactions as laid out in the section 4 of this policy.

- Regulations on documenting and recording all orders that have been received, executed or unrealized as well as customer accounts and statements are realized as set forth in the Banking and SPK regulations.
- With respect to over-the-counter derivative instruments transactions, it pays the finalized cash receivables of the customers upon customer's request fully in cash or on account within 3 business days at the latest.

5.4. Monitoring Instructions:

- The Operations Unit delivers the original "Customer's Receipt" to the Customer by cargo or hand to be signed by the customer and returned to the Bank within 7 days.
- The monitoring of the original "Customer's Receipt" is made by the Operation Unit. The list of the customers whose wet-signed original receipt has not reached the Bank within 7 days is notified to the customer representative.
- The customer representative ensures that the original receipt is obtained from the customer.

6. ACCOUNTING AND COLLATERALS

Transactions realized within the scope of brokerage operations will be reflected in the records as of the date of fulfillment.

Incoming and outgoing Money and Asset transfers, Fixed Income Securities Transactions, expenses occurred in the bank and Takasbank records and all similar records, EFT-EMKT, all records realized in the Takasbank and the CRA system, credit transactions and records of asset deposit receipts based on credit transactions will be reflected in the records as of the day on which the transactions were carried out.

The accounting systems will be set up so as to allow the monitoring of the collaterals that need to be obtained from the customer and delivered to the clearing house and other cash movements as of the date of establishment of the rights and obligations at the clearing house in connection with the trading transaction.

7. INSTITUTIONS TO WORK WITH WITHIN THE SCOPE OF BROKERAGE OPERATIONS

Portfolio Brokerage Operations	Transaction Brokerage Operations
<ul style="list-style-type: none"> • Borsa İstanbul Debt Instruments Market • Takasbank Money Market • Banks and Brokerage Firms • CRA • Takasbank • CBRT 	<ul style="list-style-type: none"> • Borsa İstanbul Debt Instruments Market • CRA • Takasbank • Takasbank Money Market

8. RISK MANAGEMENT SYSTEM

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- The risks that the Bank was and may be exposed to due portfolio brokerage operations are defined by the Risk Management Unit, taking into account capital adequacy regulations as well and compliance with the Risk Limits document is checked.
- Assessment, determination, measurement, and control of the risks that have been identified in a consistent manner are carried out by the Risk Unit by means of the risk measurement method approved by the Board of Directors.
- The results related to the monitoring of the risks are reported by the Risk Management Unit daily to the Internal Systems Director and weekly to the Assets and Liabilities Committee.
- In case the risk limits are exceeded, the Risk Management Unit Manager; informs the Treasury Unit Manager, Internal Systems Director urgently for the necessary actions to be taken. If it is not possible to go down below the risk limits within the same day, it requests a meeting to be held by the Asset-Liability Committee due to the extraordinary situation. The units concerned take actions within the framework of the decisions to be taken in the Assets and Liabilities Committee.

9. CONTROL OFFICERS

For all the transactions contained in this policy, the units performing the job conduct Level 1 checks within the scope of the specified areas of responsibility in line with the Banking legislation and legal regulations.

The Internal Control Unit carries out Level 2 checks under this policy.

10. INTERNAL AUDIT

The oversight and supervision of the execution of the brokerage operations of the Bank that are carried out on the Capital Markets is performed by the Internal Audit Unit within the framework of the articles of association and the written procedures for the internal control and risk management system, along with the provisions of the Banking legislation, capital markets legislation, and other relevant legislation.

Audits are carried out in accordance with the annual Audit plan. Where necessary, audit and inspection activities are also carried out outside the plan. Audit results are communicated to the Internal Systems Director, the Audit Committee, and the Board of Directors.

11. DATA-PROCESSING INFRASTRUCTURE

The Banking systems used by the Bank presently in its brokerage operations in the Capital Markets are able to meet the following conditions, and any enhancement and/or improvement to be made in the Banking systems should be able to ensure the continuation of these conditions.





- It includes a risk measurement mechanism for the capital market instruments in which the Bank provides transaction and portfolio brokerage operations to its customers, and it checks the daily market prices of such instruments and the risks occurring on a customer basis and calculates the required collateral. It ensures that the customers are alerted through the relevant customer representatives of the Portfolio and Transaction Brokerage Unit against the risks associated with collateral deficits that have occurred accordingly.
- It ensures that all orders can be ranked according to time of arrival.
- It instantaneously records date, time, amount, price, and all other elements for all transactions performed, including the orders that have been unrealized, canceled, and

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changed, as well as account movements and all price information provided to customers in a manner to display account transactions and time information.

- It ensures that it enables customers to monitor their collaterals, receivables and payables, open positions, and profit / loss status instantaneously and to make necessary risk controls.
- The bank's IT infrastructure is protected from malicious software and all precautions are taken, including the prevention of misuse and fraud that could occur at the Bank and ensuring business continuity.

12. ATTACHMENTS

Ref.	Name of Document	Document
Attachment.1	Capital Market Operations Risk Notification Form	 SERMAYE PİYASASI İŞLEMLERİ RISK BİLD
Attachment.2	Risk Notification Form for Debt Instruments	 BORCLANMA-ARAC LARINA-İLİSKİN-RISK
Attachment.3	Risk Notification Form for Over-the-Counter Derivative Instruments	 Tezgahüstü Türev Araçlar Risk Bildirim
Attachment.4	Compliance Test Form	 UYGUNLUK TESTİ FORMU.doc

13. ENFORCEMENT

This policy has been prepared pursuant to the Communiqué on Principles Regarding the Investment Services and Activities and Ancillary Services (III-37.1) by the Capital Markets Board and approved by the Board of Directors' resolution no. 2015/59 dated June 25, 2015. It will enter into force with the approval by the Capital Markets Board of the application regarding the renewal of our bank's operating permits.