What is VIOP?

VIOP is the acronym for Borsa İstanbul A.Ş. Vadeli İşlem ve Opsiyon Piyasası (Borsa İstanbul Futures and Options Market) on which futures and options contracts are traded. These contracts that are being traded are also called Derivative instruments.

The Purpose of Using VIOP

Hedging: It is used to minimize losses that may occur due to the fluctuations in the spot market and exchange rate risk. It is used by producers, importers, exporters and corporate risk managers with the objective of fixing prices against the risk of upward or downward movement in future prices.

Speculative: Transactions that investors who don't seek hedging perform with the objective of obtaining profits in line with their future market expectations.

Arbitrage: Risk-free transactions performed by buying a product low and selling it high simultaneously, without making an investment. The price differences between the spot price and the future price of the same product that occur based on the cost-of-carry model create an arbitrage opportunity.

Contracts

The futures and options contracts below are traded on VIOP;

- **Single Stock Futures Contracts:**

Stocks	Code/Description
T. Garanti Bankası A.Ş	GARAN
T. İş Bankası A.Ş	ISCTR
Akbank T.A.Ş.	AKBNK
Türkiye Vakıflar Bankası T.A.O.	VAKBN
Yapı ve Kredi Bankası A.Ş.	YKBNK
Türk Hava Yolları A.O.	THYAO
Ereğli Demir ve Çelik Fabrikaları T.A.Ş.	EREGL
H.Ö. Sabancı Holding A.Ş.	SAHOL
Turkcell İletişim Hizmetleri A.Ş.	TCELL

Tüpraş Türkiye Petrol Rafinerileri A.Ş.	TUPRS

- **Index Futures Contracts:**

BIST-30 Index Futures Contract

- **Foreign Currency Futures Contracts:**

TL/USD, TL/Eur, Eur/USD Cross Currency Futures Contracts

- **Precious Metals Futures Contracts:**

Gold, USD/Ounce Gold Futures Contracts

- **Commodity Futures Contract:**

Aegean Cotton, Anatolian Red Wheat Futures Contracts

- **Energy Futures Contracts:**

Base Load Electricity Futures

- **Single Stock Options Contracts**
- **Equity Index Options Contracts**

BIST-30, TL/USD, TL/Eur, Precious Metals Futures Contracts and Energy Futures Contracts can be traded through our bank.

Contract Maturities: Contracts traded on VIOP are traded at standard maturities determined for each contract type.

Index and Foreign Currency Futures Contracts:
February, April, June, August, October and December. Contracts with three different expiration months nearest to the current month shall be traded concurrently. If December is not one of those three months, an extra contract with an expiration month of December shall be launched.

Precious Metals Futures Contracts:
February, April, June, August, October and December. Contracts with three different months nearest to the current month shall be traded concurrently.

Commodity Futures Contracts

Aegean Cotton: March, May, July, October and December. Contracts with two different expiry months nearest to the current month shall be traded concurrently.

Anatolian Red Wheat: March, May, July, October and December. Contracts with two different expiry months nearest to the current month shall be traded concurrently.

Contract Size: The size of the transaction performed with one contract. It is a standard size determined by the Exchange.

Trading Margins

To be able to trade on Borsa İstanbul Futures and Options Market, investors must deposit the margin specified in the contract that they will trade.

By providing investors with the opportunity to deposit margin at a specific percentage of the contract value without having to invest the full amount of the contract, VIOP enables investors to take larger positions in margin purchase and short sale transactions. This effect is called the **leverage effect**.

Initial Margin: The margin amount or ratio which the investors must deposit at the Settlement and Custody Bank through the intermediary institution in order to trade a futures contract.

Margin Check: Margin check is performed online on a real time basis before the trading takes place. The orders without sufficient initial margin are not executed. Orders sent to the system are matched in accordance with the price and time priority during the normal session. Due to intra-day profits and losses, the margins deposited are checked through online updates to assess whether or not they are sufficient for the orders sent. The losses that occur on VIOP during the day are deducted from the customer's available margin as TL on the day of the transaction, and the profits are considered as margin surplus and deposited to the accounts as TL on the next business day. The remaining margin and withdrawable margin are calculated by taking into consideration the margin amount that will be required in the case that the outstanding orders are executed.

Cash and Non-Cash Collateral: At least 30% of the total initial margin must be deposited in cash (TL). In addition to TL, the collateral can be deposited as USD, Euro, Bills, Bonds and FX Indexed – FX Payment Bonds at our Bank.

Valuation Coefficient: Non-cash collaterals deposited are not regarded as collateral in full by the Exchange, and they are allowed to be used in trading at a certain percentage. For example: If the customer deposit a collateral of 1.000 USD, 95% (950 USD) of it is taken into account in the calculation of the collateral.

Valuation Criteria: The criteria used in the valuation of non-cash collateral. For example, the value of the collateral deposited as foreign currency is determined with the next day value price announced by the CBRT.

Maintenance Margin: The minimum level of initial margins permitted to drop as a result of loss incurred at the Exchange or depreciation in the value of the non-cash collateral, with regards to maintaining an open position in a contract.

Extraordinary Cases Margin: VIOP may request an extraordinary cases margin in addition to the initial margin amount based on the principles established in the Exchange Regulations.

Margin Call: If the initial margin amount drops below the maintenance margin level, Takasbank issues a margin call for the investor to bring the balance back up to the initial margin level.

Clearing Period: The time period that investors must fulfill the margin call obligations; which is 14:30 on the next business day following the transaction. However, due to EFT and operational processes in margin deposits and fulfillment of margin calls, and potential delays in the control processes regarding the pre-order risk management of orders sent in closing positions and fulfillment of margin calls, it is suggested that orders for closing positions and fulfilling margin calls in index, commodity and energy futures contracts should be placed at active prices by 12:25 at the latest, and orders for closing positions in foreign currency and gold contracts should be placed at active prices by 13:30 at the latest. In accounts that are detected not to have sufficient number of closed positions by the specified time period, necessary number of positions will be closed at active price by our Bank. Accounts for which a margin call has been issued will be in default in the case that margin call obligations are not fulfilled until the end of the clearing period.

When a margin call is issued by VIOP, a notification SMS is sent to Internet Banking users. Our customers who have received margin calls must maintain their positions by depositing the specified amount or engage in transactions in the amount of margin call that diminish the number of positions taken and the required collateral.

Default: Accounts for which a margin call has been issued will go into default in the case that the margin call obligations are not fulfilled within the specified time period. VIOP accounts in default will be inactivated.

Positions

Open Position, Long Position, Short Position: When a contract is sold by a customer and bought by another customer, it creates an open position. In futures transactions, the party buying the contract is called the long position holder, and the party selling the contract is called the short position holder. The party who have bought the contract (long position) makes a profit if the future prices rise and incurs a loss if they fall. The party who have sold the contract (short position) makes a profit if the future prices fall and incurs a loss if they rise. The short sale opportunity provided by VIOP is also a short position and means that investors can sell the securities that they don't own.

Spread Position: The position taken by holding a long position at one term and a short position at a different term of the same contract. A customer holding a long (short) position in a contract is not required to deposit margin again in the case that a short (long) position is taken in the same contract.

Position Limit: To prevent manipulative transactions, artificial supply and demand, and market congestion, the number of open positions that can be held by an account is limited by VIOP. The position limits of contracts traded on VIOP are tracked in two ways: the absolute number and percentile value of total open contracts. The control for percentage limits start after absolute limits are exceeded.

Absolute Limit: The maximum number of open positions for each contract month that one account may hold.

Order

Order-Price Type: Customers can place orders that vary based on the price type.

Limit Order: The order method which is used to execute orders at prices of up to the determined price level. The price must be entered when this method is used.

Market Order: The order type which is used to match orders, starting from the best price pending at the market at the time the order is entered.

Market-Best Price: The order will be matched only with the outstanding order at the best price level, pending at the market at that moment.

On-Close Orders: The method used to execute the order at the calculated end-of-day settlement price. After the settlement price is determined, on-close orders are matched with the pending on-close orders at the buy and sell sides. After the on-close orders pending at the buy and sell sides are matched, the remaining on-close orders are matched with the normal session orders that meet the settlement price. On-close orders can be entered into system by only using the “keep reminder” order type and the “session” order duration.

All price types are used at Investment Centers. Only “limit” and “market” orders can be placed through Internet Banking.

Order Entry Type: Customers can place orders that vary based on the execution condition of the order.

Fill or Kill: The order method that requires order to be matched in full upon entry depending on the status of the pending orders at the bid/ask side or otherwise canceled in full.

Fill and Kill: Upon order entry, the order is matched in full or in part. The remaining unmatched part (if any) is canceled depending on the status of the pending orders at the bid/ask side.

Keep Remainder: Upon order entry, the order is not matched in full and the remaining unmatched part is entered as Keep Remainder Order at the limit price or the last trading price depending on the selected order method.

Market Contingent: It is the order method used for activation of the order in the system in the case that a transaction occurs at the activation price or trades are executed for buy orders at a higher price and for sell orders at a lower price in the relevant contract. If a Market Contingent Order is entered, activation price of the order must be specified along with the order price method.

All order types are used at Investment Centers. Only “limit” and “market” orders can be placed through Internet Banking.

Order Duration: When entering an order, one of the three options regarding the duration that the order will remain valid in the system must be selected.

Day Orders: The order remains valid for the day it was entered. Such orders are automatically canceled by the system, if not matched until the end of the trading day.

Good-Till-Canceled Orders: The order remains valid starting from the session it was entered until the date it is canceled by the customer. When this order duration is selected, the order remains valid until the expiry date of the contract unless the order is canceled or matched, and automatically canceled by the system on the expiry date.

Good-Till-Date Orders: The order remains valid until the date specified upon entering the order in the trading system. Unless matched or canceled by the specified date, the order is automatically canceled by the system at the end of the trading day on the specified date. Entry of orders for a further date than that of the expiry date of the relevant contract is not allowed.

All price durations are used at Investment Centers. Only “day orders” can be placed through Internet Banking.

Risky Accounts:

If the ratio found by dividing the maintenance margin required for the positions held by the total collateral including daily profit/loss is equal to or greater than 1, the account will be deemed risky.

Risky Accounts can only place orders for risk diminishing transactions. However, even if the orders are for diminishing risk (i.e. closing positions), they are sent to Takasbank for pre-order risk management. Therefore, in the case that the account is in risky status;

- All outstanding orders of the risky account are automatically canceled by the Exchange.
- Only limit orders can be entered. Market orders are canceled.
- If the order sent for closing a position is pending, this order is canceled by the exchange.
- If possible, the account should be taken out of risky position by depositing collateral.
- Due to interruptions and delays that may occur in the pre-order risk management process, especially on busy days, it is advised that position closing transactions are performed before the times specified.