

FOREIGN DERIVATIVE INSTRUMENTS RISK NOTIFICATION FORM

I. IMPORTANT DISCLOSURE

As a result of derivative instrument transactions engaged in foreign exchanges or other organized markets for futures and option contracts, you may not only gain profit but you have also the risk of loss. Therefore, before deciding to trade in the foreign markets for futures and option contracts, you should understand the risks that you may be exposed in the market, and consider your financial condition and limits.

For this purpose, you should read and understand the following provisions of the *Foreign Derivative Instruments Risk Notification Form* within the scope of derivative instrument transactions at foreign exchanges or other organized markets, pursuant to the second paragraph of article 25 of the Communiqué No. III-39.1 on Principles Governing the Establishment and Activities of Investment Firms.

II. WARNING

Before starting to trade, please make sure that the investment firm with whom you are intending to work has relevant trade brokerage certificates. You may learn certified investment firms from the websites of www.spk.gov.tr or www.tspb.org.tr

III. GENERAL INFORMATION

Subject to acceptance of the investment firm that you intend to work with, you may trade derivative instruments issued on various underlying assets, at exchanges and other organized markets established in different foreign countries.

Before trading in derivative instruments at foreign exchanges or other organized markets, you are recommended to determine the products, countries, markets and sub-markets suitable for your needs, and obtain information on the current practices, rules, foreign investment institutions and Custody Houses in such countries and markets, and identify the associated risks and make your investment decisions accordingly.

1. Definitions

General information and some definitions pertaining to the derivative instruments traded in foreign exchanges and other organized markets include but are not limited to, the following.

Futures Contract (Futures)

1. Futures contract is a contract that gives the obligation to buy or sell an economic or financial benchmark, capital markets instrument, commodity, precious metals, right or foreign currency in a predetermined amount, price and specification, on a certain maturity.

2. Unlike forwards traded over-the-counter, in the futures contracts traded in exchanges or other organized markets, minimum elements such as specifications, price, amount and term are standardized.

Option Contract

1. Option contract is a contract that gives the option buyer the right to buy or sell an economic or financial benchmark, capital markets instrument, commodity, precious metals, right or foreign currency in a predetermined amount, price and specifica-

tion, on or until a certain maturity, and obliges the seller with the foregoing.

2. Unlike option contracts traded over-the-counter, in the option contracts traded on the exchanges and other organized markets, minimum elements such as specifications, price, amount and term are standardized.

Long Position (in Futures Contracts): the liability to buy the underlying asset at the price and in the amount specified in the contract, on the maturity date of the contract, or to settle in cash,

Long Position (in Option Contracts): In call option, the right to buy the underlying asset at the price and in the amount specified in the contract, on or until the maturity date of the contract, or to settle in cash,

In put option, the right to sell the underlying asset at the price and in the amount specified in the contract, on or until the maturity date of the contract, or to settle in cash,

Short Position (in Futures Contracts): the liability to sell the underlying asset at the price and in the amount specified in the contract, on the maturity date of the contract, or to settle in cash,

Short Position (in Option Contracts): In call option, the obligation to sell the underlying asset at the price and in the amount specified in the contract, on or until the maturity date of the contract, or to settle in cash,

In put option, the obligation to buy the underlying asset at the price and in the amount specified in the contract, on or until the maturity date of the contract, or to settle in cash,

Closing Position with Opposite Transaction: liquidating a position by taking short position against a long position, or taking a long position against a short position, until the last trading day of that con-

tract at the market, provided that the opposite positions are executed for the contracts with same specifications,

Option Premium: the amount required to be paid by the buyer of an Option contract to the seller of the same, in consideration of the rights provided under the contract,

Exercise Price: the price at which the right to buy or sell the underlying asset of an Option contract can be exercised, on the maturity date or at any other time until the maturity date,

Settlement Price: the price calculated on contract basis for settling the accounts at the end of the day as per the exchange rules,

Position Limits: maximum position that can be carried in total at all delivery dates, at contract, account and/or Exchange member basis, or maximum position that can be carried at various delivery dates in subtotal for the same contract type,

Initial Margin: the mandatory amount of the margin to be deposited as opening a position,

Maintenance Margin: the lower limit of margin that must be maintained, as updated against the daily price movements in the market.

2. International Exchanges and Other Organized Derivative Instruments Markets

General information on derivative instruments traded on the foreign exchanges and other organized markets include, but are not limited to, the following.

1. Exchanges, Markets and Institutions

Transactions on derivative instrument at foreign markets may be executed at various exchanges and other organized mar-

kets, with traditional methods or via electronic trading platforms. Information on the foreign exchanges and other organized markets, which IS INVESTMENT currently intermediates, is available on the website designated by IS INVESTMENT.

2. IS INVESTMENT, executes transactions on derivative instruments at foreign exchanges through authorized foreign investment institutions. At this date, the current authorized foreign institutions are Saxo Bank -Denmark, Mitsui Bussan Commodities Limited- U.K, Marex (Spectron) Financial Limited- U.K, Deutsche Bank AG- U.K and Amalgamated Metal Trading Limited - U.K as. The INVESTOR is exposed to various risks arising from the foreign institutions. The risks arising from these institutions include (however is not limited to) the risk of deterioration of the institution's financial condition, bankruptcy and/or confiscation of these institutions' assets by the authorized public authorities and other risks mentioned in the Risk Notification section of this Form. Thus, you are recommended to do your own research on foreign investment institutions and carry out your own risk assessment before and throughout your transactions.

3. Foreign exchanges, other organized markets and investment institutions through which transactions are executed may change from time to time, thus you are recommended to obtain the up-to-date information on foreign exchanges, other organized markets and investment institutions, from the website designated by IS INVESTMENT.

Cash Transfers

1. Cash transfers to foreign countries may be necessary for the purpose of settlement in derivative instruments transactions executed in foreign exchanges and other organized markets. Cash may be transferred to foreign investment institutions or directly

to the Exchange or to the Clearing House. Information on how such transfer is carried out is available on the website designated by IS INVESTMENT.

2. Information provided on the matter may change from time to time. However up-to-date information is available on the website designated by IS INVESTMENT.

Custody Services

1. The capital markets instruments traded, delivered as margin or under the custody services in foreign exchanges and other organized markets are being held in the custody of authorized institutions operating abroad.

2. Institutions operating abroad may hold your capital markets instruments in your name, or in the name of the local investment firm that you intend to receive investment services. However, in any case, you should be aware that the custody service is being provided by a foreign institution and you are exposed to additional risks arising from such institution.

3. Custody service for the derivative instruments traded on foreign markets may be provided by international custody houses and/or the local custody houses in the country where the transaction is executed. Custody House information specific to the foreign country and market of trade is available through the local investment firm's website (www.isyatirim.com.tr and/or other linked websites available)

Investor Compensation System

1. You may incur loss due to default of the institutions intermediating or executing the trades or providing custody service in foreign markets. However, in such cases, the legislation of the country of the foreign institution, may be providing for an investor compensation system to partially

or fully compensate the investors incurring loss. However, even in such case, you may not be able to benefit from investor compensation system and not be able to compensate your losses within the compensation system.

2. Before making an investment decision, you are recommended to request information from the local investment firm that you intend to receive investment services, and make your own research in any case, on the foreign country where you will trade, the foreign institution, and investor compensation system, its scope and whether you may benefit from the compensation system or not. İŞ INVESTMENT does not guarantee that the financial condition of foreign institutions intermediating or executing the trades in foreign markets, or providing custody services is sufficient for their liabilities, or that these institutions will fulfil their liabilities towards you.

IV. SECONDARY MARKET INFORMATION

Derivative instrument transactions in international exchanges and other organized markets may take place in the secondary market.

V. RISK NOTIFICATION

Some of the risks associated with the derivative instrument transactions in international exchanges and other organized markets are set forth in the following, in addition to those specified in *Investment Services and Activities General Risk Notification Form*, *Derivative Instruments Risk Notification Form*, *Risk Notification Form for Transactions in Foreign Markets* and other special risk notification forms and agreements executed or to be executed between you and the investment firm:

1. The account to be opened at the investment firm you intend to work with and all transactions executed on such account at the foreign exchanges or other organized markets for futures and option contracts are subject to the provisions of all legislation and regulations issued by the Capital Markets Board, foreign exchanges and regulated markets, competent authorities and institutions and custody and settlement houses in foreign countries.

2. Derivative instrument transactions at international exchanges and other organized markets are subject to risks at various levels. As a result of price fluctuations in the market, or developments in the relevant country, or closure of the market subject to the transaction, and/or occurrence of the risks posed by the foreign market or the transaction, you may lose all the money you deposited in the investment firm and your loss may even exceed the deposited amount.

3. Derivative instrument transactions in foreign markets may differ from those in domestic markets in many aspects, such as applicable legislation, trading rules and the liabilities of and the regulations governing the trading parties. Therefore, before trading in foreign markets, you are recommended to carry out an independent research on the relevant country, market, derivative instrument and foreign institutions, without merely relying on the information in this Form, and to determine the risks associated with the transactions you intend to execute without limiting associated risks to those specified in this Form.

4. You should be aware that, while trading in foreign markets, you will be required to comply with the applications and regulations accepted by the relevant foreign country, institution and market, and that otherwise you may be held liable due to the sanctions applied by the relevant country, institution or market either to you or to your local investment firm.

5. You should be aware that you will need to deposit margin, for each futures contract that you will trade in the market, on your account to be opened with the investment firm that you intend to work with, and according to the practices of the foreign derivative instrument market and the foreign investment firms, your margin liabilities may differ from your derivative instrument transactions in the local markets, and that foreign market and/or investment firms may increase your margin liabilities.

6. It is important that you fulfil the margin calls made by the investment firm that you intend to work with, in due time and manner. Otherwise, hereby please be informed that your positions may be closed without notice, even at loss, and other measures and actions may be taken under the relevant legislation or under the agreement that you execute or will execute with the relevant investment firm.

7. You are recommended to follow your margin liabilities carefully. A position open as the markets are closing on a Friday night may open with a negative value and thereby cause loss due to a sudden price change as the markets are reopening on Monday. Therefore, you are recommended to keep sufficient margin in your account at all the times.

8. If you buy an option contract, and do not exercise the option, you may limit your risk with the option premium and the additional commission and other transaction fees you pay.

9. If you sell an option, you assume an unlimited potential risk of loss which may exceed the premium you have received by selling option, in a relatively small adverse market movement. You have no authority to control when asked to fulfil the Option. Therefore, only experienced people with high net worth should attempt to sell option.

10. Options and futures contracts have various types. Before making an investment decision and entering into a commitment, you are recommended to identify your investment needs and to make necessary research on the risks of being a party to such contracts and other risks involved in the transactions that you intend to execute, and thereby obtain professional assistance.

11. At foreign derivative instrument market, contracts based on various underlying assets with various maturities may be traded. Transactions on derivative instruments involve liquidity risk, varying according to the type of the underlying asset and the number of days remaining to the maturity date of the contract. You should consider that, due to fluctuations in the markets, your investment may not yield your expected profit, and may even result in loss as a result of market risk.

12. You should consider that, at times when the market is tight, and liquidity is quite low, and price movements are at maximum, and if there is market making in the system, where market makers quote prices with the broadest spreads, your orders sent to the market, including "conditional orders" and "strategy orders" that limit the risk, may fail to be executed.

13. In the event a limit order is given for a foreign derivative transaction, you should consider that such orders may not be executed at the price level you have specified, due to various technical problems or market conditions. You should make your investment decisions accordingly.

14. In futures contracts, under normal circumstances, taking a "spread" position is less risky, yet it may not be the case in extraordinary market conditions. You should consider that, in extraordinary market conditions, taking a spread position may

not always be less risky than taking an out-right long or short position.

15. Due to low volatility as the markets are opening on Mondays at night or during holidays abroad, spreads in foreign markets may be wider than the average spreads.

16. In case of an extraordinary development in the market, as spreads widen extraordinarily, your spread position may be closed with margin call. While taking spread position may temporarily delay margin call under normal conditions, spread method should not be seen as a permanent solution for maintaining your trades.

17. It should be noted that trading with low margin might operate both for and against your interest, and thus the leverage effect may yield high returns but may also cause loss.

18. Where you reach the position limit designated by the relevant exchange/other organized market, on account, company and/or registration basis, your orders other than closing orders may not be executed in the market.

19. If price movements in the market develop against your position, your account may be designated by the relevant exchange/other organized market as “risky” account. In such case, you may be unable to enter pending order to the exchange.

20. The local investment firm that you intend to receive investment services may perform its services in foreign markets either by becoming a member of foreign exchanges and other organized marketplaces, or through foreign institutions with operating licence from the authorized authorities of the relevant country. Execution of transactions via foreign institutions are subject to various risks arising

from such foreign institutions, such as liquidity risk, technical and operational risks, risks of default, deterioration in financial condition, bankruptcy and confiscation of assets by the public authorities. In the event that such risks occur, institutions may not be able to pay INVESTORS’ cash, deliver margins and other assets or may fail to fulfil their obligations in general, and you should be aware before entering into any transaction that you are accepting all consequences and risk of loss if any of such risks occur. Practices and rules of each institution may vary where transactions are executed via foreign institutions. Before starting to trade in foreign markets, you should be aware that the investment firm you intend to work with may operate with other foreign institutions, and that you have the risk of loss due to negligence and acts of the foreign institutions or problems arising from such institutions, thus you are advised to make your investment decisions accordingly.

21. The financial assets traded taken as margin, or under the custody services in foreign markets may be held in the custody of institutions operating abroad. You must consider that, in such cases, your assets held by other institutions will be subject to risks arising from such institutions such as operational risks, liquidity risk, risks of default, deterioration in financial condition, bankruptcy and confiscation of assets by the public authorities. In the event any of such risks occurs, these institutions may not be able to pay INVESTORS’ cash, deliver margins and other assets or may fail to fulfil their obligations in general, and you are exposed to risk of incurring loss due to such institutions.

22. Transactions in foreign markets are executed in foreign currency, and involve currency risk in addition to the risks listed above. You should be aware that, in trans-

actions in foreign markets, there may be loss of value in Turkish Liras due to fluctuations in exchange rates, and governments may restrict foreign capital and currency movements, and impose additional and/or new taxes, and transactions may not be executed timely.

23. You should be aware that the working days and hours of domestic markets and investment firms may be different from the working days and hours of foreign markets and institutions. Due to such difference, in some cases the local investment institution that you intend to work may not make margin call and inform you of in some situations. Therefore, you should be aware that you need to personally follow the developments and changes regarding your transactions in such cases. IS INVESTMENT is not required to provide services at all times that the foreign markets are open, due to time differences. IS INVESTMENT conducts its services during the working hours at our own country.

24. You should be aware that authorized institutions cannot give any guarantee that you will not incur any loss as a result of your transactions executed abroad, or that your loss will be kept under control or that additional margin call will be made in case of loss.

25. Where an investment firm takes position as your counterparty, such transaction may result in your loss while the investment firm profits from the same transaction, due to nature of the service or product offered, and thus you should be aware of the conflict of interest emerging in such transactions between yourself and the firm. Transactions on derivative instrument involve counterparty risk.

26. It should be taken into consideration that any technical and basic analysis carried out by authorized personnel of the

investment firm with regard to trading in capital market instruments, may vary from person to person, and that any forecasts made during such analyses may not come true.

27. It should be noted that any information or recommendations provided by the investment firm you intend to work with for transactions to be conducted in markets, may be insufficient and may require verification.

VI. OTHER RISKS

This *Foreign Derivative Instruments Risk Notification Form* intends to inform you in general, on the risks involved in trading in foreign derivative instrument markets, and may not cover all risks that may arise from such trades and the risk arising from practice. Consequently, before investing in such investments, you are recommended to make necessary research on the country, market, capital markets instrument, market, platform and markets you intend to trade, and to obtain professional assistance.

VII. COMMISSIONS, FEES AND TAXES

Before entering into any transaction, you should be aware that your transactions will be subject to commissions, fees and charges payable to exchanges, other organized markets, foreign and local clearing and custody houses and investment institutions and subject to taxes at rates stated in the local and foreign legislation. Before entering into any transaction, you may review the Commission and Expense Tariff appended to the General Agreement to obtain information on the commissions, fees and charges on your trades. If you have any question on how the commissions, fees, charges and taxes will be charged, you will be given a written explanation containing understandable

examples upon your request.

I have read and understood the *Foreign Derivative Instruments Risk Notification Form* above, before starting to trade in derivative instruments at foreign exchanges and other organized markets, and have received a copy of this *Foreign Derivative Instruments Risk Notification Form*.

INVESTOR

Please write “I have read, acknowledged, and received” with your handwriting, and sign in the box below.



Name, Surname/Title:

Date:

INVESTOR

Please write “I have read, acknowledged, and received” with your handwriting, and sign in the box below.



Name, Surname/Title:

Date: