

The Association of Capital Market Intermediary Institutions of Turkey (TSPAKB)

ARBITRATION RULES

SECTION I

GENERAL TERMS

Objectives and Scope

Article 1 - Any dispute arising among the Association of Capital Market Intermediary Institutions of Turkey (TSPAKB) members or between TSPAKB members and customers from capital market activities other than stock exchange transactions shall be settled by arbitration pursuant to TSPAKB Arbitration Rules, if the related parties agreed to settle such disputes by the rules of arbitration.

These rules shall apply for arbitration unless contrary to imperative provisions of the Code of Legal Procedures.

Definitions

Article 2 - The following terms shall have the meanings given below next to them:

| | | |
|-----------------------|---|--|
| The Code | : | Code of Legal Procedures, |
| Plaintiff | : | The party requesting for arbitration, |
| Defendant | : | The party specified in the request for arbitration, against whom arbitration proceedings are initiated, |
| TSPAKB | : | The Association of Capital Market Intermediary Institutions of Turkey |
| Arbitration Agreement | : | As per Article 6 of the Statute, arbitration agreement means an agreement concluded by and between parties to ensure settlement through arbitration of all the disputes arising from capital market activities other than stock exchange deals in connection with present and future legal relationships between parties, or a part thereof concerned with matters set out in the agreement. |

SECTION II

INITIATION OF ARBITRATION

Form of Arbitration Agreement

Article 3 - Arbitration Agreement shall not be valid unless made in writing. Arbitration Agreement may be established either by incorporating an arbitration clause in the main contract or may be instituted in a separate agreement.

In order to have the dispute settled under TSPAKB Arbitration Rules, the arbitration agreement to be entered by the parties must clearly specify that any dispute shall be settled by arbitration under TSPAKB Arbitration Rules.

Request for Arbitration¹

Article 4 - The party intended to apply to arbitration shall apply to TSPAKB with a petition containing this intention, a request for TSPAKB to appoint arbitrator(s) or the identity and address data of the arbitrator(s) appointed by the parties, if the Arbitration Agreement specifies appointment of arbitrator(s) by the parties.

Following payment to the Association, of the advance for arbitration expenses by the party intended to refer the dispute to arbitration, the application for arbitration shall be notified by the Secretariat to the other party. The party applying to arbitration shall be obliged to submit the arbitration agreement to the Association.

The Board of Directors shall determine the amount of advance payment of the arbitration expenses.

Arbitration expenses are defined below:

- a) Arbitrator fees,
- b) Travel and other expenses of the arbitrators,
- c) Expert expenses and survey costs,
- d) Legal representation expenses of the prevailing party determined by the Arbitrators Committee if demanded during the trial,
- e) Expenses of the Secretariat,
- f) Other trial costs

Reply to Request

Article 5 - The Secretariat shall serve a copy of the request for arbitration to the other party with return requested registered mail.

If, according to the arbitration agreement, the arbitrators are appointed by the parties, the other party shall apply to TSPAKB, within 7 days following the date of receipt of the petition of the defendant, with a petition containing identity and address data of the arbitrator appointed thereby. Following receipt of the reply within the period of 7 days specified the Board of Directors of TSPAKB should initiate the arbitration procedure within 10 days. If the other party fails to appoint its arbitrator within 7 days, the Board of Directors of TSPAKB shall appoint the arbitrator of the other party.

¹ 3rd and 4th subparagraphs of the Article were inserted into the regulation by the decision of the General Assembly dated 28th April 2004.

Secretarial Services²

Article 6 - TSPAKB Review and Legal Affairs Department shall provide secretarial services of the Arbitrators Committee.

A copy of each of all petitions and other written documents to be presented by the parties and all documents appended thereto shall be served to the other party and to the Arbitrators Committee. Notification shall be made by the secretariat. However, if the parties are to serve the documents to the other party and to the members of the Arbitrators Committee themselves, they shall be obliged to submit a copy of each of the correspondence to be served to the secretariat on the same day.

All correspondence by the Arbitrators Committee to the parties shall be served by the secretariat. If the notice is to be served by the Arbitrators Committee personally, the Committee shall be obliged to deliver a copy of the documents in question to the secretariat on the same day.

If the party that is not a member of the Association or Arbitrators Committee does not notify the Secretariat, the Association may ask for the relevant notification from the party that is the member of the Association. If the member does not carry out this obligation, Article 40/C of the Capital Market Law and provisions of the TSPAKB Disciplinary Regulation shall be applied.

Representation

Article 7 - Every person competent to file an action may personally follow his/her case before the Arbitrators Committee. This right also applies for legal representatives.

The parties may file and follow a case through their attorneys as well. Only lawyers registered in a bar association operating in Turkey can file actions before the Arbitrators Committee and defend the rights of individuals and entities, follow respective procedures, and issue all necessary documents.

An attorney can file an action with the Arbitrators Committee only if specially authorized for that purpose.

SECTION III

ARBITRATORS

The Number of Arbitrators

Article 8 - If not agreed by the parties in the arbitration agreement, the Arbitrators Committee shall consist of three arbitrators all of whom shall be appointed by TSPAKB.

² The last subparagraph of the Article was inserted into the regulation by the decision of the General Assembly dated 28th April 2004.

Appointment and List of Arbitrators

Article 9 - It shall be the duty and authority of the Board of Directors of TSPAKB to create a list of arbitrators to be commissioned in arbitration proceedings and to appoint the arbitrators. The Board of Directors shall continuously review the list and notify any change therein to all members.

All arbitrators constituting the Arbitrators Committee shall be appointed by the Board of Directors of TSPAKB from the list of arbitrators created by TSPAKB.

If the Arbitrators Committee consists of three arbitrators, the parties may mutually agree to appoint their arbitrators. However, it is obligatory that the third arbitrator who shall be the arbitrator to be appointed from the list of arbitrators of TSPAKB.

Arbitrators to be included in the list of TSPAKB shall

- Be a citizen of the Republic of Turkey,
- Have a bachelor degree in law, economics, finance, banking, management, accounting and equivalent disciplines and should have basic law lessons during their BA program,
- Have at least five years of experience in the capital market,
- Have completed a training program to be organized by the Association on arbitration,
- Not convicted of any dishonorable offense even if pardoned,
- Have no judgment for bankruptcy,
- Not be sentenced for any capital market offense,
- Not be temporarily or permanently prohibited from operating in stock exchanges and organized markets,
- Not be a person whose signatory power is abolished or limited under subparagraphs (g) or (h) of Article 46 of the Capital Market Law.

Impartiality, Independence and Rejection of Arbitrators

Article 10 - Arbitrators acting pursuant to these Rules shall be impartial and independent. A prospective arbitrator shall be obliged to notify the Association any situation that may create justified suspicion with respect to his/her impartiality and independence. If new events emerge at any stage of the arbitration proceedings, the arbitrator shall be obliged to immediately notify the case to the parties and to the Association.

Following appointment of arbitrators, the name(s) of the arbitrator(s) shall be notified to the parties with return requested registered mail.

Arbitrators may be rejected based on one of the causes of rejection specified by the Law. The parties shall be obliged to exercise their rights of rejection within five days following the date they are informed of the appointment of the arbitrator, provided that the provision of paragraph 1 of Article 34 of the Law is reserved.

The request for rejection shall be decided by the commissioned court authorized for trial.

Upon request for rejection of arbitrator, the arbitration proceeding shall be suspended until the decision is made absolute. The time of arbitration shall continue to run during the period

of suspension. However, the court may be requested for an extension of time due to request for rejection. No request for extension of time may be made after the time of arbitration expires.

Discharge and Resignation of Arbitrators

Article 11 - Arbitrators may be discharged upon consent of both parties.

If, during arbitration proceedings, one of the arbitrators of the parties resign, is deprived of his/her eligibility to be included in TSKPAB list of arbitrators or is discharged, he/she shall be substituted with the same procedure.

Powers of Arbitrators

Article 12 - The authorities of the arbitrators shall be limited to the authorities established by the arbitration agreement. Arbitrators shall not be entitled to decide on matters beyond the scope of authorities vested in them by the arbitration agreement and not requested by the parties.

Arbitrators shall be obliged to decide on each complaint of both parties.

The court shall resolve for disputes on whether a disagreement may be settled by arbitration.

In case of occurrence of a fraudulence that constitutes the basis for penal prosecution during the investigation, then the investigation shall be postponed and arbitration time shall not run until the criminal court decides on the matter.

SECTION IV

ARBITRATION PROCEEDINGS

Declaration

Article 13 - Following establishment of the Arbitration Committee, the Plaintiff shall submit the declaration to the Secretariat.

The declaration must contain,

- a) Names, surnames and addresses of parties and legal representatives, or attorneys thereof, if any,
- b) A clear explanation of the subject of the case,
- c) The basis of the claim of the plaintiff and clear summaries of all events under related item numbers,
- d) The description of the evidence,
- e) Summary of legal reasons,
- f) A clear statement of the claim and the defense,
- g) The signature of the plaintiff or the legal representative or attorney thereof,
- h) Prayer.

Answer

Article 14 - The plaintiff shall be obliged to notify the secretariat of his answer to the case and counter evidence, if any, together with his first objections, within ten days following the date of service of the declaration to him, or within such period of time as may be determined by the Arbitration Committee depending on the nature of the subject.

If the plaintiff has made his first objection, the Arbitration Committee shall conclude this matter primarily, without focusing on the merits of the case.

The answer must contain the following:

- Names, surnames and addresses of parties and legal representatives, or attorneys thereof, if any,
- A clear explanation of the subject of the case,
- Answers to each of the facts notified by the plaintiff
- A clear defense,
- The signature of the plaintiff or the legal representative or attorney thereof,

The plaintiff shall be obliged to state in his answer all claims and defenses including the counterclaim as well as the causes thereof.

Counterclaim

Article 15 - The defendant may institute a counterclaim against the plaintiff, within the time allowed for submitting the answer. If the allegations under the counterclaim are within the scope of the arbitration agreement, the Arbitration Committee shall be obliged to hear the case.

If a counterclaim is instituted, a new time for arbitration shall not be granted. The Arbitration Committee shall be obliged to hear the counterclaim together with the main case within the arbitration time of 6 months. If arbitration time is insufficient to hear both cases, the time may be extended upon express and written mutual consent of the parties or by a court order.

Reply

Article 16 - In his reply bill, the Plaintiff shall be obliged to submit his reply to the matters alleged by the defendant in his answer within a period of 10 days following the date of receipt of the answer bill, unless any other time is determined by the arbitrators. In addition, if the defendant has filed a counterclaim with his answer, the plaintiff must submit his answer to the counterclaim in this reply.

Rejoinder

Article 17 - The defendant may reply to the matters alleged by the defendant in his reply within a period of 10 days following the date of receipt of the answer bill, unless the arbitrators determine any other time.

Times

Article – 18 - Times established and agreed under these Rules start to run on the day following the date of notice or correspondence. Official holidays and days, which are not

business days, shall be counted in calculation of the times. If the time allowed ends on a holiday or a day, which is not a business day, the time shall expire at the end of the next business day.

Issuing a Certificate of Duty

Article 19 - The arbitrator or the arbitration committee shall issue a certificate of duty after the declaration and answer are submitted.

The certificate of duty shall contain:

- The names, titles and capacities of the parties,
- Parties' addresses for service,
- A summary of allegations and defenses,
- Pleadings of the parties,
- Explanation of the disagreement,
- Names, surnames, titles and addresses of the arbitrators,
- Applicable law for the dispute,
- Place of arbitration,
- Place of meeting,
- Duration of arbitration,
- Beginning of duration.

Arbitrators and the parties or their attorneys shall sign the certificate of duty. The certificate of duty must be submitted to the Association within 5 days following the date of signing of the certificate of duty.

Place of Meeting

Article 20 - Unless specified otherwise, the Arbitration Committee shall convene in the head office of TSPAKB in İstanbul.

Evidence

Article 21 - The rules established in the Law for evidence shall also apply for Arbitration Committee investigations.

Hearings

Article 22 - Arbitration committee may decide upon request of one of the parties or ex officio to hold a trial. The date of hearing shall be determined and notified by the arbitration committee to the parties. A party not appearing before the arbitration committee can not be forced to come. If any of the parties fail to appear, the hearing shall be held in the absence of the party failing to appear. If both parties fail to come, the arbitration committee may decide on the file or determine a new date of hearing and notify it to the parties.

Experts and Survey

Article 23 - The arbitration committee may decide to obtain the votes and opinions of one or more people in cases, the solution of which requires special or technical knowledge. If the parties fail to agree, the arbitration committee shall appoint the expert.

The arbitration committee may decide that the parties provide necessary information to the expert, to provide related information and documents thereto and to make an exploration with respect to the case.

The arbitration committee shall listen to both sides following appointment of an expert and determine the questions to be asked to the expert and shall issue a certificate of duty showing the authorization granted to the expert, separate from that specified in Article 20 and send the file to the expert. The expert(s) shall be obliged to issue their report in writing, within the period of time allowed by the arbitration committee.

The arbitration committee shall, after receiving the expert report, send a copy of the report to each of the parties and allow a certain period of time for the parties to present their opinions on the report.

The arbitration committee may request an additional report from the expert(s) for clarification of missing or uncertain issues.

Upon request of any of the parties or if the arbitration committee considers necessary, experts shall attend at hearings to which they shall be called after they submit their reports in writing. In the hearing the parties may ask questions to the expert(s) and may have special experts chosen by the parties heard on the disputed matter.

If the expert report is not delivered within the time allowed in the absence of a reasonable excuse, the arbitration committee may appoint other experts for inspection or may grant additional time to existing experts to submit their reports.

Applicable Law

Article 24 - If the parties have agreed in the arbitration agreement on the law applicable for arbitration proceedings, the arbitration committee shall be obliged to apply the law agreed by the parties.

The parties may decide for application of the provisions of the substantial law or may request the arbitration committee to award based on the rules of justice and equity.

Procedural rules to apply before the arbitration committee may be determined by mutual agreement of the parties unless contrary to imperative provisions of the Law. If not determined or agreed by the parties, procedural rules applicable shall be determined by the arbitration committee unless regulated by these Rules.

Date of Filing the Action

Article 25 - If the arbitration agreement between the parties specifies that all arbitrators of the arbitration committee shall be appointed by TSPAKB, the action shall be deemed filed upon application to the Association for appointment of arbitrators as specified in Article 4 and from that moment on, the consequences of filing an action shall prevail.

If, under the arbitration agreement, the parties decided to have the arbitration committee consist of three arbitrators and have agreed that each party shall appoint its own arbitrator and the umpire to be appointed by TSPAKB, the action shall be deemed filed when the plaintiff appoints its own arbitrator and notifies the defendant to appoint its arbitrator.

Secrecy of Trial

Article 26 - Trials before the arbitration committee shall be held confidential. Trials may be held publicly upon agreement of the parties and by the decision of the arbitration committee.

Arbitration Time

Article 27 - Arbitrators shall be obliged to make a final award within not later than six months following the first meeting. If no award is given during the specified period of time, all procedures performed by the arbitrators shall be null and void and the case shall be referred to a competent court. If one arbitrator was appointed, the 6 month time begins to run after the date of the first authorization decision of the arbitrator for certain procedural operations. Extension of the specified time shall be possible upon express and written consent of one of the parties or upon a court judgment based on the request of any of the concerned parties.

Award Procedure of the Arbitration Committee

Article 28 - The arbitration committee shall proceed to discussions on the case, following evaluation of the declaration, submittal of evidence, holding the hearing, and obtaining any missing information and documents. Discussing the disputed matters in the order given in the case and in the counterclaim, the arbitration committee shall proceed to final award. The final award of arbitration may be in the form of total or partial acceptance or total or partial rejection, without leaving any matter requested by the parties beyond the scope of the award. Discussions shall be held with the participation of all arbitrators. The arbitration committee shall award with majority of votes.

Arbitration awards must be justified. Arbitration awards shall indicate clearly any amount of damages, indemnity, and interest accruing thereon as well as the rate of interest applicable.

Termination of Trial

Article 29 - Arbitration trial shall terminate upon making the final award. Occurrence of any of the following events shall also cause termination of the arbitration proceedings.

- The plaintiff withdraws his case, and the defendant has no objection thereto, and the arbitration committee decides that settlement of the dispute shall have no legal use.
- The parties agree to terminate the case.
- The plaintiff is in waiver of the case.
- The defendant accepts the case.

Form and Content of the Award

Article 30 - The arbitration award shall expressly contain,

- The description of the dispute,
- Factual and legal justification and basis of the award,
- The allegations of both parties and the decision made on each claim,
- The decision on the merits of the case and trial expenses as well as the amount of trial expenses.

Arbitrators under which the date of award shall be written shall sign awards. Arbitrators shall not be entitled to designate remuneration for arbitration in the award.

Service of Awards

Article 31 - The arbitration committee shall submit its award to the secretarial office of the competent court in such number of copies as one more than the number of parties and to TSPAKB on the same day. Upon submittal of the award, the competent court shall serve the award and the justification of the award to the parties in writing. The award shall be deemed existing upon notification to both parties and the time for appeal shall start to run after the date of service.

Finalization and Execution of Arbitration Awards³

Article 32 - Awards shall be executed after finalization.

Finalization of awards shall depend on whether the award is not appealed within 15 days following the date of service of the award to parties or on whether the award is approved by the Supreme Court of Appeals following appellation of the award.

If the award of the arbitration committee is finalized upon expiration of the time for appeal and consequently, none of the parties appealing the award, then the competent court shall certify the award. The annotation of certification shall be written under the award and in the court minutes. Execution of the awards shall depend on certification by the competent court.

If the award is finalized by approval of the Supreme Court of Appeals, one of the parties shall apply to the court to which the file was returned. The competent court shall write the annotation of finalization under the award and certify. Awards finalized through this process shall become executable.

The arbitration committee to TSPAKB shall submit finalized awards within 5 days following the date of service of the award.

The material faults of the arbitrator decisions shall be amended according to the Article 36 of this regulation.

SECTION V

LITIGATION AGAINST ARBITRATION AWARDS

Appealing the Awards

Article 33 - Arbitration awards may be appealed. The parties may apply to the Supreme Court for Appeals for appealing the award within 15 days following the date of receipt of the award.

Causes for Appealing Awards

Article 34 - Arbitration awards may be annulled due to following causes:

- a) award is given after the time for arbitration has expired,

³ The last subparagraph of the Article was inserted into the regulation by the decision of the General Assembly dated 28th April 2004

- b) award is given on a subject which has not been requested for,
- c) award is given on a subject which is not within the scope of authorities and duties of the arbitration committee,
- d) the arbitration committee fails to award on each allegation of the parties.

If the award is annulled due to any of the causes specified in subparagraphs (b), (c) and (d), the arbitration committee shall be reconstituted and a 6-month time shall be allowed to the arbitration committee for submitting its award to the new court.

If the award is annulled due to giving of the award after the time of arbitration specified in subparagraph (a) has expired, the case shall be heard by the court competent and commissioned under Article 529 of the Law.

The arbitration committee reconstituted after annulment, shall limit its review with the causes of annulment. Arbitrators shall not be entitled to insist on their awards annulled by the Supreme Court of Appeals.

New Trial

Article 35 - A new trial may be requested against finalized awards, according to provisions of articles 445 to 454 of the Law.

The arbitrators who have given the award shall review the case for new trial.

Clarification of Awards

Article 36 - The parties may request clarification of arbitration committee awards pursuant to the provisions of Articles 455 to 459 of the Law. The arbitration committee, which has given the award within the time of arbitration, shall be authorized to make the clarification. Following expiration of the time for arbitration, the court to which the award is submitted may clarify the arbitration committee award by hearing the arbitrators, until the execution of the award.

SECTION VI

ARBITRATION EXPENSES

Arbitration Expenses

Article 37 - TSPAKB shall, following receipt of the request for arbitration, request for an advance payment in an amount to cover arbitration expenses until the certificate of duty is issued. This amount shall be designated and notified to members by the Board of Directors of TSPAKB.

Remuneration of Arbitrators

Article 38 - Remuneration and expenses of arbitrators as well as other trial expenditures shall be determined on the basis of the remuneration schedule decided by the Board of Directors of TSPAKB. However, a different remuneration may be determined upon mutual

agreement of the parties and the arbitration committee. The arbitration committee shall, in its final award the party who shall incur all arbitration expenses or the ratio at which the arbitration expenses shall be shared by the parties.

SECTION VII

MISCELLANEOUS PROVISIONS

Matters not Contained in TSPAKB Arbitration Rules

Article 39 - The Code of Legal Procedures, precedents of the Supreme Court of Appeal and if conditions prevail, the International Arbitration Law shall apply for all matters not contained in these Rules.

Effect

Article 40- This regulation shall take effect as of the date it is approved in TSPAKB General Meeting.