

**THIS IS A NOTICE REGARDING THE INITIAL PUBLIC OFFERING OF BIZIM MENKUL DEGERLER A.S. DOW JONES DJIM TURKEY EXCHANGE TRADED FUND PARTICIPATION CERTIFICATES.**

**THIS NOTICE HEREBY REGARDING THE INITIAL PUBLIC OFFICERING WAS REGISTERED TO ISTANBUL TRADE REGISTERS OFFICE ON 09/01/2006, AND AN APPLICATION WAS MADE FOR ANNOUNCEMENT IN THE TRADE REGISTERS GAZETTE OF TURKEY ON 09/01/2006. THE NOTICES RELATED WITH INITIAL PUBLIC OFFERING ARE MADE AVAILABLE AT SUFFICIENT QUANTITY BY THE FUND FOUNDER, FUND MANAGER AND MEMBERS OF THE CONSORTIUM ESTABLISHED FOR INITIAL PUBLIC OFFERING DURING THE INITIAL PUBLIC OFFERING OF THE FUND PARTICIPATION CERTIFICATES, AND BY THE FUND FOUNDER, FUND MANAGER AND AUTHORIZED PARTICIPANTS OF FUND AFTER THE INITIAL PUBLIC OFFERING FOR SUBMITTAL TO THE SAVERS ALONG WITH THE INTERNAL REGULATIONS OF THE FUND AND THE MONTHLY REPORTS THAT CONTAIN THE FINANCIAL DATA REGARDING THE FUND AND THAT ARE DRAWN UP EVERY MONTH FOR REVIEW AND ISSUING TO THEM FREE OF CHARGE.**

**NOTICE TO THE SAVERS REGARDING INITIAL PUBLIC OFFERING OF  
1,000,000 CLASS 1 SHARES OF PARTICIPATION CERTIFICATES OF DOW JONES  
DJIM TURKEY TYPE A STOCK EXCHANGE INVESTMENT FUND OF  
BIZIM MENKUL DEGERLER A.S.**

This is a notice to the savers regarding the initial public offering of participation certificates of **BIZIM MENKUL DEGERLER A.S. (BMD Securities, Inc.) DOW JONES DJIM TURKEY EXCHANGE TRADED FUND**, which was founded pursuant to the permission #B.02.1.SP.K.0.15/511 dated 04.08.2005 of Capital Markets Board in order to distribute the risk and operate the portfolio that consists of the Capital Market instruments according to the assured property principles on account of the holders of the participation certificates with the sums to be collected from the public against the participation certificates for management according to the provisions of fund internal regulations, which was registered to Istanbul Trade Registers Office under register no. 267149 – 214721 on 16.08.2005 by **BIZIM MENKUL DEGERLER A.S.** on the basis of Articles 37 and 38 of Capital Markets Law and which was announced in Turkish Trade Registers Gazette No. 6372 dated 19.08.2005 and full text of which is provided on the overleaf of the participation certificates.

1,000,000 class 1 shares of participation certificates that ensure participation in the fund and that indicate the percentage of participation in the fund assets were registered under file #KB 417/1487 dated 27/12/2005 by the Capital Markets Board. However, this registration does not mean securing the Fund and the participation certificates by the Board or public.

**I. DETAILS OF FUND:**

- 1. Sort of Fund** : STOCK EXCHANGE INVESTMENT FUND
- 2. Type of Fund** : TYPE A
- 3. Amount of Fund** : YTL 10.000.000
- 4. Duration** : Indefinite
- 5. Minimum Transaction Unit for Creation of Participation Certificate:** 10000 fund shares
- 6. Redemption House for Creation of Participation Certificate:** 09.30 a.m. – 04.00 p.m.
- 7. Applications Hours on Initial Public Offering Days:** 09.00 a.m.- 03.00 p.m.
- 8. Principles of Redemption for Creation of Participation Certificate:** Purchase or sale of the participation certificate is carried out within the framework of the provisions of circular of Istanbul Stock Exchange on the procedures and principles regarding the quotation and listing of the participation certificates of Exchange Traded Fund at the stock exchange. Creation and Redemption Transactions are performed by the way of application to the Founder that is both authorized and designated as participant

against the Fund shares. The practice of Creation and Redemption of New Participation Certificate shall be realized “in kind” within the framework of the primary monetary transactions. The Fund can carry out the transaction of Creation of Participation Certificate against the shares and cash components that constitute the portfolio as well as the Redemption Transaction by the way of redemption of the shares and cash components that constitute the fund portfolio against the Fund shares. The investors can also purchase and sell the Fund shares with the secondary market transactions. The secondary market transactions are carried out in the same manner with the share transactions and within the framework of the provisions of circular of Istanbul Stock Exchange on the procedures and principles regarding the quotation and listing of the participation certificates of Exchange Traded Fund at the stock exchange. The Manager controls the instructions for Creation and Redemption of Participation Certificates within a day and informs the Board of Fund if necessary. The authorized participant follows up the details of the transactions of Creation and Redemption of Participation Certificates on daily basis. Brokerage of the transactions of Creation and Redemption of Participation Certificates is only performed by the Authorized Participant. These transactions are performed in the form of minimum 1 Transaction Unit or multiples.

## **II. FUND PORTFOLIO STRATEGY:**

The assets in the fund portfolio are chosen according to the regulations of the Capital Markets Board and the internal regulations of fund, and the fund portfolio is managed in accordance with Article 5 of the internal regulations by the manager of fund portfolio and Article 41 of Communiqué Serial VII, No. 10 of the Capital Markets Board.

As per Article 5 of Communiqué Serial VII, No. 23 Regarding the Exchange Traded Funds, the exchange traded funds are founded as an Index Fund, in which minimum 80% of the portfolio is constantly taken as basis and which consists of the marketable securities within the scope of an index that is found appropriate by the Board and in which the correlation coefficient between the value of the index taken as basis and the unit share value of the fund is minimum 90% within the framework of the calculation that is made according to the formula provided in Annex 1 of the Communiqué in order to trace the index that is taken as basis.

Accordingly, it is taken as basis to create a portfolio in accordance with the nature of Exchange Traded Fund in respect of the types of funds laid down in Article 5 of Communiqué Serial VII, No. 10 in management of the fund portfolio and selecting the capital market instruments to be invested. The capital market instruments to be invested in fund management are selected from all the marketable securities within the scope of the index so that the coefficient of correlation between the value of the index that is taken as basis and the unit share value of the Fund is minimum 90% within the framework of the calculation that is made in accordance with the formula that is laid down in Article 13 of the internal regulations of the Fund. The index that is taken as basis is the price index of Dow Jones Islamic Market Turkey (DJIMTR). Minimum 80% of the fund portfolio is invested to the marketable securities within the scope of the index of Dow Jones Islamic Market Turkey (DJIMTR), which is an index that is constantly taken as basis.

The Fund cannot hold demand accounts at the banks and cannot purchase the deposit certificate and the shares of the foreign investment partnerships and the participation certificates of the investment funds. The Fund consists of the stock exchange money market transactions at IMKB Takas ve Saklama Bankasi A.S. (ISE Exchange and Storage Bank, Inc.), which are performed to use maximum 20% of the portfolio value of the Fund in cash. Cash can be retained in order to meet the liquidity need that may arise owing to the operational transactions of the Fund.

## **III. INFORMATION ABOUT THE INDEX THAT THE FUND TAKES AS BASIS:**

The index that is taken as basis by Dow Jones DJIM Turkey Exchange Traded Fund is “Dow Jones DJIM (Dow Jones Islamic Market) Turkey (DJIMTR)”, which has been developed by Dow Jones Indexes. The Index is calculated by the way of weighing over the total market value of the shares at Takasbank (Exchange Bank). The Index on TL basis is calculated by Dow Jones on real-time basis within the transaction hours of ISE, and it is released by the data distribution companies at every 15 seconds.

The index selects the shares according to the criteria of Dow Jones DJIM and the essential revisions are made by reviewing them quarterly. These revisions are announced on the third Friday of March, June, September and December.

There are 15 shares within the scope of the Index currently and there are not reserve shares. If shares are taken out of the Index, the index maker may take another share that is in compliance with the index criteria or may not take the same if there is not any share that is in compliance with the criteria. The disposal on index is owned by the index maker.

In selecting the shares, the Index takes into account;

- a) the market value of the publicized portions of the companies as calculated by Dow Jones using its own method;
- b) the daily average calculation volume of the companies in the previous index calculation period;
- c) whether the companies have financial or legal problems;
- d) that the fields of activity of the companies are within the scope of DJIM standards;
- e) that the ratio of total liabilities to the 12-month average market value is below 33%, and the ratio of cash and marketable securities to the 12-month average market value is below 33% and the ratio of trade receivables to the total assets is below 45%.

The rate of the shares that are stored at the Custody Bank and the rate that Dow Jones reaches as a result of calculation that is made using its own method may be different. The proportions of the shares within the index shall be announced and continuously updated on the web page of the Fund.

The index, the commencement date of which is 31.12.2002, is published as from 30.09.2004.

#### **IV . INFORMATION ABOUT THE PORTFOLIO LIMITATIONS BY THE FUND:**

The limitations in the internal regulations defined for the assets that may be included in the portfolio are shown in the following table as the minimum and maximum percentage of the portfolio. The detailed information regarding this issue can be obtained from the Internal Regulations of Fund from the addresses where the participation certificates are purchased and sold.

DESCRIPTION OF ASSET	MIN. % ACC. TO INTERNAL REGULATIONS	MAX. % ACC. TO INTERNAL REGULATIONS
Shares	80	100
Stock Exchange Money Market Transactions	0	20

#### **V. PRINCIPLES REGARDING THE PROCEDURE OF DETERMINATION OF THE VALUE OF THE PARTICIPATION CERTIFICATE AND THE PORTFOLIO VALUE:**

Valuation is made every business day. The fund participation certificate has two separate values including the net asset value and the transaction price. The Net Asset Value of the Fund is calculated after the session on the days when Istanbul Stock Exchange is open for transactions. As for the stock exchanges that apply two sessions, the Net Asset Value is disclosed after the end of the second session. The indicative net Asset value of the Fund is continuously calculated by the Manager during the session when Istanbul Stock Exchange is open for transactions and published on the web page ([www.djimtr.com](http://www.djimtr.com)) of the Fund by minimum two data suppliers, namely Foreks and Matrix, in a manner that it is updated once every minute as a minimum. The transaction price of the Fund is the price that consists of the Fund Market of Istanbul Stock Exchange.

"Fund Portfolio Value" is the total value of the assets in the portfolio. "Total Value of Fund" is found by adding the other assets to the Fund Portfolio Value and deducting the debts.

The detailed provisions regarding the valuation of the assets in the Portfolio are laid down in Article 9 of the Internal Regulations of Fund and the notes.

## **VI. PRIMARY AND SECONDARY MONEY TRANSACTIONS OF FUND:**

According to Article 12 of “Communiqué Serial: VII, No. 23 Regarding the Exchange Traded Funds”, the primary money transactions of the stock exchange investment funds consist of the transactions in which creating new fund participation certificates between the authorized participants and the storage house and redemption of the fund participation certificates are carried out in kind. Following the process of creating the fund participation certificate, it is the secondary money transactions of the fund to subject the new fund participation certificates that are obtained through the authorized participants to purchase and sale.

### **6.1 PRINCIPLES REGARDING THE PRIMARY MONEY TRANSACTIONS OF FUND**

According to Article 3 of Communiqué Serial: VII, No. 23 Regarding the Exchange Traded Funds;

CREATION OF NEW FUND PARTICIPATION CERTIFICATE is defined is the process of creation of a new fund participation certificate by the authorized participant to reflect the composition of the fund portfolio up to the amount of minimum transaction units or multiples by the way of combining the marketable securities and cash in the portfolio and delivering the same to the storage house; and

REDEMPTION OF FUND PARTICIPATION CERTIFICATES is defined as the process of creation of minimum one transaction unit and delivery of the same to the storage house by the authorized participant and redemption of the marketable securities and cash corresponding to the said participation certificates in consideration thereof.

As per Article 15 of the Communiqué, the authorized participants perform the transactions of creation and redemption of the fund participation certificates in blocks that constitute minimum one transaction unit. Minimum one transaction unit is defined as 10000 (ten thousand) fund shares in the Internal Regulations of the Fund.

On the other hand, according to Article 12 of Communiqué Serial: VII, No. 23 Regarding the Exchange Traded Funds, the primary market transactions of the exchange traded funds consist of the transactions of creation of the new fund participation certificates between the authorized participants and the storage house and redemption of the fund participation certificates in kind. Following the process of creating the fund participation certificate, it is the secondary market transactions of the fund to subject the new fund participation certificates that are obtained through the authorized participants to purchase and sale. Currently, the authorized participant is Bizim Securities, Inc. and there is not any other authorized participant.

The detailed principles regarding the transactions of creation of the new participation certificate and redemption of the fund participation certificates of Dow Jones DJIM Turkey Exchange Traded Fund are laid down in Article 9 of Internal Regulations of the Fund and the notes.

### **6.2 PRINCIPLES REGARDING THE SECONDARY MARKET TRANSACTIONS OF FUND**

Within the scope of secondary market transactions, the Fund participation certificates are listed in the Fund Market under the body of ISE Shares Market and the procedures and principles regarding the quotation and listing of the participation certificates of stock exchange investment funds in the Fund Market are laid down in the relevant circular of ISE. Some general principles regarding the secondary market transactions of the stock exchange investment funds within the framework of ISE Circular are given herein below:

- a. The Fund participation certificates that are created by the Founder of Fund and recorded by the Board and that are applied for listing at the Fund Market at the Stock Exchange within the

- framework of Article 7 of Regulation Regarding Quotations start to be listed upon including in the quota of Stock Exchange pursuant to the resolution of Board of Directors of Stock Exchange within the framework of Article 17 of Regulation Regarding Quotations.
- b. All the participation certificates representing/ to represent the maximum amount of fund included in the internal regulations of the Fund by the Board of Directors of Stock Exchange and the participation certificates that are issued as of the date of commencement of listing at the Stock Exchange are listed in the Fund Market of Stock Exchange. The additional participation certificates to be issued can be listed in the Exchange Market provided that it does not exceed the maximum amount of fund within the framework of the relevant Communiqués of the Board.
  - c. If the amount of Fund is increased, the participation certificates to be issued and made public offering are quoted under Article 11 of Regulation Regarding Quotations to represent the increased portion.
  - d. All marketable securities that constitute the fund portfolio are retained at a storage account to be opened at IMKB Custody Bank.
  - e. Purchase and sale of the fund participation certificates that are approved to be listed in the Stock Exchange are performed with property code (F) in the Fund Market under the body of Shares Market in the Stock Exchange. The purchase and sale transactions are carried out during the transaction hours of market of the assets that constitute the index that is taken as basis by the Fund.
  - f. The base price is found by rounding the weighted average of the previous session transactions to the closest price step as in the shares. During the first transaction session and session that follows the session in which the price does not occur in the Stock Exchange, the base price is announced over the fund unit share value that is announced before the relevant session by the founder and/or authorized participant.
  - g. The lot size is defined as 1 participation share. The Directorate of Shares Market determines the amount of maximum orders that may be input to the system at one time.
  - h. In the Fund Market, the price margin applicable for the National Market is applied.
  - i. Fraction orders cannot be placed.
  - j. Special order transactions are performed within the framework of the existing rules in the Shares Market.
  - k. The price steps are applied as described in the following table:

<b>Base Price Range (YTL)</b>		<b>Price Step (YTL)</b>
0,00	5,00	0,01
5,02	10,00	0,02
10,05	25,00	0,05
25,10	50,00	0,10
50,25	100,00	0,25
100,50	250,00	0,50
251,00	500,00	1,00
502,50	1.000,00	2,50
1.005,00	and over	5,00

- l. Exchange of the fund transactions is realized on the second business day (T+2) following the transaction day. The principles of Creation and Redemption of Fund Shares are drafted and announced to the members by Custody Bank.
- m. All other transaction rules are the same with the transaction rules of Shares Market.

## VII. INFORMATION ABOUT INITIAL PUBLIC OFFERING:

1. The portfolio of Dow Jones DJIM Turkey Exchange Traded Fund has been created with the advance allocated by Bizim Securities, Inc. After the portfolio that is created, the Founder may increase the amount of advance allocated to the Fund with the method of creating the participation certificates. Pursuant to Article 9 of Communiqué on Exchange Traded Funds, the fund shall start

- to be listed with the advance that is allocated by the founder if the shares cannot be sold during the initial public offering.
2. The initial public offering shall be made for two business days during 23/01/2006 and 24/01/2006.
  3. The number of shares that can be sold by the Fund is 1000000 shares and 1000000 lots.
  4. The number of funds that will be offered to the public is determined as 800000 shares/ 800000 lots. The participation certificates of Dow Jones DJIM Turkey Exchange Traded Fund shall be offered to the public with the method of creating participation certificates and purchase of the necessary shares will be realized at ISE.
  5. Initial public offering is made with the method of collecting the requests on lot basis.
  6. The brokerage house of initial public offering shall collect the requests on lot basis from the investors during the period of initial public offering. The cash that is calculated over the price determined over a premium over 10% of the net asset value on the previous day in consideration of the requests that are collected on lot basis. The sums that are collected shall not be subject to interest and shall be deposited to the account of Fund at Bizim Securities, Inc. on T+2nd day by the brokerage house of the initial public offering.
  7. The brokerage house of initial public offering: Bizim Securities, Inc., the Founder, agrees and undertakes to purchase the unsold portion of the total amount of fund as regards the portion up to YTL 2.7 million at the end of the period of collecting the requests by paying for its value completely and in cash as per Article 11 of Communiqué Serial VII No: 23 Regarding the Exchange Traded Funds of Capital Markets Board (Undertaking the Balance). Bizim Securities, Inc. shall act as a broker of initial public offering of the Fund participation certificates with “the best efforts” method.

#### **Brokerage House of Initial Public Offering**

Trade title	: Bizim Securities, Inc.
Headquarters	: Bagdat Cad. Camfistigi Sok. 2/1 Caddebostan Kadikoy / Istanbul
Date of Foundation	: 31/07/1990
Authorization Certificate No	: ARK/HAA -260
Paid-in Capital	: YTL 3000000
Trade Register No	: 267149-214721

8. In this initial public offering, the savers that want to purchase the Fund Participation Certificates must apply to one of the places of application set forth in item 19 of this Article within the period of collecting the requests as set forth in the Circular and fill in and sign the request form. The prices of the participation certificates that are requested during the application shall be collected from the investors with a premium by 10% of the Net Asset Value announced for the previous day, and a receipt shall be given to the investors to indicate which amount is collected for the Fund participation certificate that is let on sale against the money that they deposit. Collection of requests for the initial public offering of the fund participation certificates shall be performed by the brokerage house of initial public offering and the brokerage house of initial public offering shall notify the detailed (decoded) list of the investors that make an application and that are entitled to purchase the Fund Participation Certificate to Capital Markets Board and ISE until 10.00 a.m. on the business day following the initial public offering at the latest. The quantity of request must be 1 (one) lot and multiples thereof. The investors may define a sub-limit regarding the quantity that they want to purchase in the request form if they so want.
9. The newspapers where the circular of initial public offering will be published: The circular regarding the initial public offering shall be published in two national newspapers.
10. The requests are collected during 09.00 a.m. / 03.00 p.m. on every initial public offering day. The brokerage house of initial public offering shall inform the Portfolio Manager at 10.00 a.m., 11.00

a.m., 0.00 p.m., 01.00 p.m., 02.00 p.m. and 03.00 p.m. on the initial public offering days about the requests that reach to it with regard to the cash requests that are collected.

11. If the amount of request set for initial public offering is reached in the process of collecting the requests, the portion exceeding the request shall be evaluated with all other requests at the relevant request hour. Firstly, it shall be determined when the amount of initial public offering is reached on the basis of the priority of time among the hours that are set. All the requests that are received at the hours prior to reaching the amount of initial public offering shall be met. The requests that are received as of the hour when the amount of initial public offering is reached and the requests that exceed the amount of initial public offering shall be accepted and the procedure of collecting the requests for initial public offering shall be stopped as of the related hour. The portion that exceeds the amount of initial public offering shall be met with proportioning method. In this case, all the requests submitted by the investors may not be met.
12. The Fund Manager may limit or stop the initial public offering even though the amount of initial public offering is not reached in the cases where the shares are closed for transactions in respect of the shares that are required for creation of participation certificate at ISE, and the top price limit is reached, and that the required liquidity makes the purchase of shares impossible, and that the transactions of purchasing the required shares cause extraordinary movements in the prices of shares. In this case, the requests that are received up to the related hour shall be accepted.
13. The portfolio manager shall purchase the share lots required to convert the final cash requests that are received by him/her to the fund share by using the indicative portfolio composition applicable on the initial public offering day at ISE. The cash component set forth in the indicative portfolio composition shall be taken into account in the fund share calculations. According to the requests that are received until 03.00 p.m., the portfolio manager shall complete the shares that are required until the end of the day. These transactions shall be performed through the brokerage house of initial public offering. The brokerage house of initial public offering shall charge transaction fee by 2 per thousand.
14. The portfolio manager shall deposit the requests received by him/her to 15 shares that are identified in the indicative portfolio composition at the market conditions and the intervals that are deemed appropriate. All these purchase transactions shall be considered altogether. Since the purchases of shares within a day shall pass from different price items, the average cost of each share is determined in order to be able to reflect the purchase costs of the shares to the investors at the same time. The average costs determined for each share are calculated and the total value of the shares that are purchased for the investors shall be determined in order to create the fund shares. The cash component that is required to create the participation certificates that will be sold to the investors is added to this amount and the total amount to be allocated for the total fund shares to be sold is determined in this way. The transaction fee payable to purchase the shares is also added to this calculation. The average sale price of the fund shares that are purchased against the requests received on the said initial public offering day is determined by dividing this total amount in TL by the total fund shares to be sold. This price may be different from the Net Asset Value of the fund that is calculated at the end of the day. In the event that this difference arises, the investors shall have loss if the price of purchase on the initial public offering day is higher than the net asset value and the investors shall have profit if it is less than the net asset value.
15. After these transactions, the amount to be returned to the investors in respect of the cash amount collected by the brokerage house of the initial public offering shall be determined. The cash amounts to be returned after these transactions shall be returned with the fund shares that are created on T+2nd day.
16. The debts of the shares that are purchased in order to create the indicative portfolio are covered with the cash amounts that are collected on T+2nd day. The creation of T+0 participation certificate is carried out by adding the cash component to the shares that are obtained as a result of this transaction.
17. During the initial public offering that will continue for two days, the requests that are collected in both days shall be evaluated separately and the amount to be charged from the investors shall be

determined separately for both days. As for the requests that are collected within any day, it is required to reach 10000 shares or multiples thereof at the end of the period of collecting the requests in the evaluation to be made on daily basis since participation certificates will be created on T+2nd and T+0 days. Therefore, the process of creating participation certificates shall be performed through completion of the amount required to reach 10000 shares or multiples thereof by Bizim Securities, Inc. in the event that the requests remain below 10000 shares or multiples thereof.

18. The brokerage house of initial public offering shall distribute the fund shares and cash returns on the basis of its respective investors after the Creation of Participation Certificates.
19. The places where the Internal Regulations of Fund and Notes can be obtained: The founder, manager and authorized participant of the Fund and the brokerage houses of sales are obliged to keep and furnish to those that demand sufficient number of notes and Internal Regulations of Fund duly approved by the Board.

TITLE	ADDRESS	PHONE
BIZIM SECURITIES, INC.	Bagdat Caddesi Camfistigi Sok. No: 2/1 Caddebostan 34728 Istanbul	0216 360 47 60
FAMILY FINANS KURUMU A.S. AND ALL BRANCHES	Kemeralti Caddesi No: 46 Tophane 80030 Istanbul	0212 251 65 20

20. Headquarters addresses and phones of the Founder, Manager and Authorized Participant:

FOUNDER	ADDRESS	PHONE
BIZIM SECURITIES, INC.	Bagdat Caddesi Camfistigi Sok. No: 2/1 Caddebostan 34728 Istanbul	0216 360 47 60
MANAGER	ADDRESS	PHONE
BIZIM SECURITIES, INC.	Bagdat Caddesi Camfistigi Sok. No: 2/1 Caddebostan 34728 Istanbul	0216 360 47 60
AUTHORIZED PARTICIPANT	ADDRESS	PHONE
BIZIM SECURITIES, INC.	Bagdat Caddesi Camfistigi Sok. No: 2/1 Caddebostan 34728 Istanbul	0216 360 47 60

#### **VIII. PRINCIPLES REGARDING SPECIAL CASE EXPLANATIONS OF EXCHANGE TRADED FUNDS**

The principles regarding the special case explanations of the stock of stock exchange investment funds are laid down as follows pursuant to the Resolution No. 51/1746 dated 30.12.2004 of the Capital Markets Board.

Special Cases That May Affect the Value of the Exchange Traded Fund Participation Certificates and Decisions of Investors to Make Investments or That Will Be Publicized in Important Events and Developments for Utilizing the Rights of the Investors and Principles of Publicizing the Same

##### **A) SPECIAL CASES**

In relation to the exchange traded funds (Fund), if the following special cases occur, they shall be publicized within the framework of the principles laid down in this Resolution. However, the explanations to be made shall not be limited to the following cases, but it is required to publicize any kind of information that may affect the investment decisions and value of the participation certificates within the framework of the provisions of this Resolution.

##### **a) Explanations regarding the index that the Fund takes as basis;**

- 1) Variation of the index that the Fund takes as basis;

- 2) If it is decided to make revision to the index and the marketable securities within the scope of the index change, the information regarding the marketable securities that will be taken out of the scope of index and the marketable securities that will be included in the scope of index;
- 3) If a classification is envisaged in relation to the proportion of the marketable securities within the scope of the index, the information regarding change to these limits and regular controls that are made to maintain this limit;
- 4) Making changes to the way of publicizing the index and the data distribution channels where the data are publicized.

**b) Explanations regarding the founder, manager and authorized participant of the Fund, the storage house and storage of the assets in the portfolio of the Fund;**

- 1) Change of the fund manager;
- 2) Change of the authorized participant of fund;
- 3) Occurrence of the cases listed in Article 52 of Communiqué Serial VII, No. 10 Regarding the Investment Funds in relation to the founder of Fund and storage house;
- 4) Changes to the principles of storage of the assets in the fund portfolio and in relation to the storage house;
- 5) Change of communication details such as address, phone or fax of the partnership center or main units where the activities of the founder, manager and authorized participant are carried out;
- 6) Sanctions implemented by the Board against the founder, manager and authorized participant in relation to the activities of Fund;
- 7) Those that may affect the value of the fund participation certificates, the investment decisions of the investors and those that may effect the primary and secondary market transactions of the fund directly or indirectly in respect of the special cases within the scope of Communiqué Serial VIII, No. 39 Regarding the Publicizing of Special Cases in relation to the founder, manager and authorized participant of the fund, including those that do not have the capacity of public joint stock partnerships.

**c) Explanations regarding the amount and duration of Fund;**

- 1) Increasing the amount of Fund, deciding to apply to the Board for this purpose, making an application and concluding such an application;
- 2) Making changes to the duration of Fund.

**d) Explanations regarding the principles of transaction of Fund and the Fund price;**

- 1) Changing the principles regarding the primary and secondary market transactions of the Fund;
- 2) Ceasing primary market transactions of the Fund or limiting such transactions;
- 3) Changes that are made by the relevant Stock Exchange in relation to the secondary market transactions of the Fund;
- 4) Changing the minimum transaction unit;
- 5) Developments as a result of failure to calculate or publicize the net asset value;
- 6) Changes to the data channels where the indicative net asset value of the Fund is publicized.

**e) Explanations regarding the portfolio composition and management strategy of the Fund;**

- 1) Occurrence of developments like payment of dividends, payment of interests and issuance of shares against/free of charge in relation to the marketable securities in the portfolio etc. and other factors that will affect tracing the Index and changes to the portfolio composition of the fund owing the aforementioned reasons;
- 2) Change of the valuation principles of the Fund portfolio;
- 3) Change of the Fund portfolio management strategy;
- 4) Change of the limitations envisaged in the internal regulations in relation to the Fund portfolio.

**f) Explanations regarding the administrative structure and organization of the Fund;**

- 1) Appointment, leave or substitution for any reason whatsoever of the members of the Fund Board, fund auditor, fund manager and other people that have important decision making powers and responsibilities within the Fund;

2) Filing a case against the members of the Fund Board, fund auditor, fund manager and other people that have important decision making powers and responsibilities within the Fund owing to the crimes such as acts that are contrary to the capital market legislation, embezzlement, abuse, corruption, bribery, forgery, misuse of security, theft, smuggling except for smuggling for employment, swindle, false or tricky bankruptcy and finalization of the verdicts in relation to such cases.

**g) Explanations regarding the financial structure of the Fund;**

- 1) Change of the expenditures that may be made from the assets of Fund;
- 2) Taking loans to the Fund account and repaying the loan;
- 3) Change of the principles of utilization of profit in the Fund;
- 4) Change of the accountancy policies of the Fund;
- 5) Change of the Fund management fee;
- 6) Change of fee if an index licensing fee etc. is paid by the Fund;
- 7) Change of the independent audit body that audits the financial statements of the Fund; and withdrawal of the Board within the framework of the provisions regarding the external independent audit or termination of the audit contract or avoidance of independent audit company to provide an opinion regarding the financial statements of the Fund or the same company providing a negative opinion and implications in the independent audit report that may endanger the continuity of the Fund.

**h) Explanations to be made by the holders of Fund Participation Certificates;**

- 1) One physical and legal person or other physical and legal persons that act jointly with such physical and legal person holding minimum 5%, 10%, 15%, 20%, 25%, 1/3, 50%, 2/3 and 75% or more of the total quantity of shares of the fund directly or indirectly, or the share within the total quantity of shares being less than the said percentages;
- 2) The members of the Fund Board, fund auditor, fund manager and other people that have important decision making powers and responsibilities within the Fund as well as the persons that hold 5% or more of the total quantity of shares of the Fund directly or indirectly or those that act jointly with the said persons purchasing or selling the fund participation certificates;
- 3) The founder, manager, authorized participant and chairman and members of board of directors, general manager and assistant general managers and other people that have important decision making powers and responsibilities within the partnerships and the partners that hold 5% or more of the capitals or total voting rights directly or indirectly or those that act jointly with the aforementioned persons purchasing or selling the stock exchange investment fund participation certificates;
- 4) One investment fund holding 10% and 20% of the total quantity of shares of the stock exchange investment fund directly or indirectly and the share within the total quantity of shares being less than the said percentages;
- 5) The investment funds owned by a founder and/or under the management of the same manager holding 10%, 20% and 30% of the total quantity of shares of the stock exchange investment fund directly or indirectly and the share within the total quantity of shares being less than the said percentages.

**i) Other explanations;**

- 1) Occurrence of the cases listed in Article 53 of Communiqué Serial VII, No. 10;
- 2) Principles applicable in the dissolution process of the Fund when any of the reasons of termination of the Fund arises;
- 3) Deciding on merger of the Fund with another fund that has the same founder or transformation of the fund to another fund, and making an application to the Board for this purpose and concluding the same application;
- 4) Quoting the Fund participation certificates to the stock exchanges and other organized markets including those in the foreign countries or making an application for listing and concluding the same application, ceasing the transactions, losing the quotation conditions or removing the capital market instruments from the quote and change of the markets where they are listed;
- 5) Making an explanation at the stock exchanges and/or markets of the foreign countries where the fund participation certificates are listed;
- 6) Revealing that the activities of the fund will be affected significantly owing to the amendments to the legislation;

- 7) Coefficient of correlation between the index value that is taken as basis and the unit share value of the fund as calculated in months;
- 8) Occurrence of extraordinary events such as wars, economic crises, collapse of the communication systems, closure of the market related with the marketable securities, and failures that may occur at the computer systems etc.;
- 9) Changes to the internal regulations of the Fund within the framework of the approval of Board though not mentioned hereinabove, and making an application to the Board in order to make such changes;
- 10) A development that may affect the activities and financial condition of the Fund significantly though not mentioned in the other sub-items or a significant change to the reports, financial statements, footnotes to the financial statements and notes that are regularly publicized beforehand or any other case that is publicized with regular means.

#### **B) SCOPE AND NATURE OF EXPLANATIONS**

The provisions of Article 10 of Communiqué Serial VIII, No: 39 shall be taken as basis for the scope and nature of the explanations.

#### **C) FORM AND PUBLICIZING OF EXPLANATIONS**

The provisions of Articles 12 and 16 of Communiqué Serial VIII, No: 39 shall be taken as basis for the form and publicizing of the explanations. It is compulsory to make the explanations under item (b)/7 of Article (A) with the fund code. The provisions of paragraphs 1 and 2 of Article 14 of Communiqué Serial VIII, No: 39 shall be taken as basis for the explanations to be made under item (h) of Article (A).

#### **D) LIABILITY TO MAKE AN EXPLANATION**

The liability to make explanations on special cases related with the exchange traded funds is owned by the Founder. In respect of the exchange traded funds that have more than one founder, all founders shall be successively liable for making special case explanations regarding the Fund. The founder(s) may assign the Board of Fund for making the special case explanations; however, this shall not release the liability of founder(s). The founder shall be liable for making the explanations under item (b)/7 of Article (A). In respect of the stock exchange investment funds that have more than one founder, all founders shall be successively liable. The manager and authorized participant are obliged to convey the explanations regarding them to the founder(s), but this shall not release the liability of the founder(s).

#### **E) OTHER MATTERS REGARDING THE SPECIAL CASE EXPLANATIONS**

In special case explanations to be made under this Resolution and Communiqué Serial VIII No. 39 in relation to the exchange traded funds, the provisions of Article 7 titled “Extraordinary Prices and Sum Movements”, Article 8 titled “Verification Obligation”, Article 11 titled “Notices Regarding Negotiations”, Article 17 titled “Confidentiality” and Article 18 titled “Power of Board” of the Communiqué Serial VIII, No. 39 shall be applicable.

<b>IX. PRINCIPLES OF ISSUANCE, ANNOUNCEMENT AND NOTIFICATION OF FINANCIAL STATEMENTS AND REPORTS BY EXCHANGE TRADED FUNDS</b>
---

The principles of issuance, announcement and notification of financial statements and reports by exchange traded funds are as follows pursuant to the resolution #51/1746 dated 30.12.2004 of the Capital Markets Board.

As per Article 22 titled “Common Provisions” of Communiqué Serial VII No. 23 Regarding the Exchange Traded Funds, the exchange traded funds that are subject to the provisions of Article 46 titled “Principles Regarding Periodic Reports” of the Communiqué Serial VIII, No: 10 are obliged to submit the monthly reports within 15 days following the relevant month and the annual reports within 3 months

following the expiry of the fiscal period to the Board and to the relevant stock exchange for publication in addition to the provisions of the said Article.

The exchange traded funds shall be subject to the provisions applicable for the marketable securities investment funds in the Communiqué Serial: XI, No. 6 on Principles and Rules Regarding the Financial Statements and Reports of the Marketable Securities Investment Funds and Communiqué Serial: XII, No: 1 on General Explanation Regarding Determination of Financial Statement and Report Issuance, Publicizing and Independent Audit Obligations of Partnerships and Bodies Subject to Capital Markets Law with regard issuing financial statements and reports, independent audit and announcement etc. The exchange traded funds are obliged to submit the financial statements that are drawn up semi-annually and annually and that are subject to independent audit to the Board and the relevant stock exchange for publication in the stock exchange bulletin within the period of time set forth in the provisions of our Board regarding the public joint stock partnerships that are listed in the stock exchange in addition to the provisions of the aforementioned Communiqué.

The liability to issue, announce and notify the financial statements and reports of the exchange traded funds is owned by the Founder. In respect of the exchange traded funds that have more than one founder, all founders shall be liable successively. The founder(s) may appoint the Board of Fund to this effect, but this shall not release the founder(s) from any liability.

#### **X- RIGHTS OF THE HOLDERS OF PARTICIPATION CERTIFICATES:**

1. The shares that are purchased free of charge during the period of Fund shall be included in the total value of the Fund on the day when they are purchased. The dividends and share profits are not included in the fund portfolio. The dividends shall be transferred to the accounts of the holders of participation certificates on the day when they are transferred to the account of fund.
2. The exchange traded funds shall be subject to the provisions applicable for the marketable securities investment funds in the Communiqué Serial: XI, No. 6 on Principles and Rules Regarding the Financial Statements and Reports of the Marketable Securities Investment Funds and Communiqué Serial: XII, No: 1 on General Explanation Regarding Determination of Financial Statement and Report Issuance, Publicizing and Independent Audit Obligations of Partnerships and Bodies Subject to Capital Markets Law with regard issuing financial statements and reports, independent audit and announcement etc. The exchange traded funds are obliged to submit the financial statements that are drawn up semi-annually and annually and that are subject to independent audit to the Board and the relevant stock exchange for publication in the stock exchange bulletin within the period of time set forth in the provisions of our Board regarding the public joint stock partnerships that are listed in the stock exchange in addition to the provisions of the aforementioned Communiqué. Furthermore, the Founder shall get the balance sheets and income statements of the fund and the portfolio and total assets statements of the fund that are drawn up comparatively with the previous year and that are subject to the independent audit within 3 months following the expiry of each fiscal year announced in the Turkish Trade Registers Gazette along with the results of the independent audit report and disclose them to the customers at the places where the participation certificates are purchased and sold.
3. Those that may affect the investment decisions of an investor and that require prior information in respect of the matters that are registered at the Trade Registers Office and announced in the Turkish Trade Registers Gazette shall be announced through Turkish editions of minimum 2 newspapers that have circulation throughout Turkey by the founder. The said matters shall take force minimum 10 business days following the announcement.
4. If there is an amendment to the matters that are registered in the notes, these matters shall be annexed to the notes by registering the same to the trade registers office. These notes shall be valid until a new increase in amount, and they shall be incorporated into a single text by consolidating the same along with the annexes thereto in January every year. However, a new registration shall not be made owing to this consolidation. The notes, internal regulations and the last monthly report can be obtained free of charge from the places that purchase and sell the participation certificates.

5. The founder is obliged to submit the monthly reports within 15 days following the relevant month and the annual reports within 3 months following the expiry of the fiscal period to the Board and to the relevant stock exchange for publication. The annual report contains the fund balance sheets and income statements that are drawn up comparatively with the previous year and that are subject to the independent audit as well as the fund portfolio value and fund total value statements. The information explaining the developments within the period is also inserted to the annual report. The monthly report is drawn up to contain the information regarding the movements of marketable securities and participation certificates as well as the fund performance within the month. The monthly reports shall also include the information about the coefficients of correlation that are calculated as of the last one month and quarterly periods. The said reports are also made available at the headquarters of the Fund, at the places where the participation certificates are sold and web page of the Fund for inspection by the investors. The details of purchase and sale regarding the relevant month shall not be provided in the copies of the monthly reports that shall be submitted to the investors.
6. In occurrence of extraordinary events such as wars, economic crises, collapse of the communication systems, closure of the market related with the marketable securities, and failures that may occur at the computer systems etc., purchase and sale of the participation certificates may be ceased by informing the savers pursuant to the permission of the Capital Markets Board and regulations of the Capital Markets Board.
7. In occurrence of important events and developments that may affect the value of the participation certificates of the Fund and decisions of investors on making investments or that may be towards the exercise of rights by the investors, the provisions of regulations enacted by the Capital Markets Board shall be observed with regard to the special cases to be publicized and the principles of publicizing the same.

We hereby certify the accuracy of information set forth in this circular hereby within the framework of our legal powers and responsibilities. 12/12/2005

MEMBER OF BOARD OF FUND  
Mustafa BUYUKABACI  
CHAIRMAN

MEMBER OF BOARD OF FUND  
Ihsan SARIBAS  
MEMBER

**ANNEX 1**  
**SHARES IN THE FUND PORTFOLIO**

	<b>As of 09.12.2005</b>	<b>Lot</b>	<b>Price</b>	<b>Amount</b>	<b>Rate</b>
1	Adana Cimento Sanayi ve Ticaret A.S.	317	10.00	3170.00	2.9535
2	Akcansa Cimento Sanayi A.S.	432	8.05	3477.60	3.2401
3	Anadolu Cam Sanayi A.S.	412	5.40	2224.80	2.0729
4	Arcelik A.S.	1431	9.15	13093.65	12.1994
5	Aygaz A.S.	627	6.30	3950.10	3.6803
6	Cimento Sanayi Ve Ticaret A.S.	538	8.80	4734.40	4.4111
7	Eczacibasi Ilac Sanayi ve Ticaret A.S.	525	4.32	2268.00	2.1131
8	Eregli Demir ve Celik Fabrikalari T.A.S.	3339	8.90	29717.10	27.6875
9	Ford Otomotiv Sanayii A.S.	793	11.30	8960.90	8.3489
10	Is Gayrimenkul Yatirim Ortakligi A.S.	2411	2.72	6557.92	6.1100
11	Petkim Petrokimya Holding A.S.	1181	7.60	8975.60	8.3626
12	Turk Otomobil Fabrikasi A.S.	1553	2.78	4317.34	4.0225
13	Trakya Cam Sanayi A.S.	960	5.10	4896.00	4.5616
14	Ulker Gida Sanayi ve Ticaret A.S.	1721	4.80	8260.80	7.6966
15	Zorlu En. Elek. Uret. Otoprod. Gr. A.S.	343	5.30	1817.90	1.6937
	Cash Component	908.13	1.00	908.13	0.8461