

**HSBC BANK A.Ş.  
RETAIL BANKING  
CAPITAL MARKETS TRANSACTIONS AND  
INVESTMENT PRODUCTS FRAMEWORK AGREEMENT  
PRE-AGREEMENT INFORMATION FORM**

**HSBC BANK A.Ş.****RETAIL BANKING****PRE-AGREEMENT INFORMATION FORM REGARDING THE FRAMEWORK AGREEMENT ON CAPITAL MARKET TRANSACTIONS AND INVESTMENT PRODUCTS**

THE PRESENT PRE-AGREEMENT INFORMATION FORM IS DRAWN UP TO PROVIDE YOU INFORMATION PRIOR TO YOUR APPROVAL OF THE FRAMEWORK AGREEMENT ON CAPITAL MARKET TRANSACTIONS AND ITS APPENDICES, AS PER ARTICLE 21 OF TURKISH CODE OF OBLIGATIONS NO. 6098, ARTICLE 49 OF THE LAW NO. 6502 ON THE PROTECTION OF CONSUMERS, THE REGULATION ON DISTANCE CONTRACTS REGARDING FINANCIAL SERVICES, AND ARTICLE 5 OF CAPITAL MARKETS BOARD COMMUNIQUÉ NO. III-45.1 ON RECORD AND BOOK KEEPING REGARDING INVESTMENT SERVICES AND ACTIVITIES AND AUXILIARY SERVICES.

**I. ORGANIZATION DETAILS**

**Title:** HSBC BANK ANONİM ŞİRKETİ  
**Registry No.:** 268376  
**Address:** Esentepe Mah. Büyükdere Cad. No:128 Şişli, İstanbul  
**Website:** <http://www.hsbc.com.tr/>  
**Phone:** 0850 211 01 14  
**Fax No:** 0212 267 47 94  
**E-mail:** ...  
**Central Reg. Sys. (Mersis) No.:** 0621002428200197  
**Primary Area of Operations:** Brokerage activities in banking and capital markets

**Dear Customer,**

The Framework Agreement on Capital Market Transactions and Investment Products ("Agreement") submitted to you along with the present Pre-Agreement Information Form regulates governs the principles and procedures pertaining to the capital markets services and investment products to be offered by HSBC Bank A.Ş. ("**HSBC BANK**") to you, along with the rights and obligations of HSBC BANK and you, in compliance with Capital Markets Law No. 6362, Communiqué No. III-37.1 on the Principles of Investment Services and Auxiliary Services, Communiqué No. III.39.1 on the Establishment and Operating Principles of Investment Institutions, Communiqué No. III.45-1 on the Book and Record-Keeping Mechanism regarding the Investment Services and Operations and Auxiliary Services, issued by the Capital Markets Board, as well as other applicable regulations.

The present Agreement consists of three sections: "General Terms", "Special Terms" and "Appendices to the Agreement". "General Terms" covers the provisions effective and applicable with respect to any capital markets services to be executed within the framework of the Agreement you will be signing with HSBC BANK, while the "Special Terms" covers the provisions effective and applicable with respect to the type of the capital market transactions and/or investment products you will be



engaged in through HSBC BANK. In case of a contrast between the “General Terms” and the “Special Terms”, the “Special Terms” shall apply.

The Agreement provisions specified below cover matters which may be crucial for you, with respect to the parties’ rights and responsibilities to arise out of the Agreement or the regulations. The Pre-Agreement Information Form submitted to you prior to the approval of the present Agreement provides you the opportunity to learn the terms and conditions of the present Agreement as per articles 20 to 25 of Turkish Code of Obligations covering general terms of transactions. In this context, you are recommended to carefully review the provisions of the Agreement provided alongside the present Pre-Agreement Information Form, and particularly the articles listed below, seeking counsel from an expert should you deem it necessary, with respect to the legal and financial consequences thereof.

## II. CRUCIAL PROVISIONS OF THE AGREEMENT

### 1. Under the “General Terms” of the Agreement;

- a) Paragraphs “2.2 Risk Profile Questionnaire and the Compatibility Test”, “2.5 Prohibition of Sale of Investment Products to the Residents of the US and Canada”, “2.8 Basic Information Document and Preliminary Information Form” and “2.9 Investor Compensation Center Security Figure” of Article 2 titled Scope,
- b) Paragraphs 3.4, 3.5, 3.6, and 3.9 of article 3 titled Recognizing and Representing the Customer,
- c) Article 4 titled Customer Classification
- d) Article 6 titled Liability for Third Party Transactions,
- e) Paragraphs 7.2, 7.3, 7.4, 7.5, and 7.6 of article 7 titled Orders,
- f) Paragraphs 8.4 and 8.5 of article 8 titled Confirmation of Transactions and Reporting,
- g) Article 9 titled Use of Cash in Customer Accounts,
- h) Article 10 titled Customer’s Tax Obligations,
- i) Article 11 titled Notifying the Customer about the Risks,
- j) Paragraphs 12.3 and 12.4 of article 12 titled Blockage, Investor Compensation Center, and Custody Principles,
- k) Article 13 titled Legal Evidence Requirement,
- l) Article 14 titled Assignment Prohibition,
- m) Paragraphs 16.2 and 16.3 of article 16 titled Severability, Indemnity, and Force Majeure,
- n) Article 17 titled Confidentiality and Customer’s Consent,
- o) Article 20 titled Amendment and Termination of the Agreement,
- p) Article 21 titled Customer’s Default,
- q) Article 22 titled HSBC Bank’s Right to Demand Collateral and Lien, Clearing and Offsetting,

cover important points to be reviewed by you, in terms of your rights and obligations.

### 2. Under the “Special Terms” of the Agreement;

- a) Paragraphs “1.1 Fund Deposit Accounts”, “1.2. Active Account”, “1.3 Investment Funds”, and “1.4 Fixed Return Securities” of article 1 titled Deposit Account with Funds, Active Account, Investment Funds and Fixed Return Securities,



- b) Paragraphs “2.3 Work Flow for Alternative Currency (DCD) / Alternative Precious Metal”, “2.4 Work Flow for FX Option / Digital Option / Precious Metal Option”, and “2.6 Work Flow for Swap Transactions” of Article 2 titled Alternative Currency (DCD), Alternative Precious Metal, FX Option, Digital Option, Precious Metal Option, FX Swap, and FX Deposit Swap Transactions,
- c) Paragraphs 3.5, 3.6, and 3.7 of article 3 titled Forward FX / Precious Metal Purchase and Sale Transactions,
- d) Article 4 titled Option, Swap and Forward Transaction Limit and Default,
- e) Article 5 titled Termination of and Default under OTC Derivatives Agreements,

cover important points to be reviewed by you, in terms of your rights and obligations.

**3.** Under the “Appendices to the Agreement” section;

- a) Appendix 1 - Customer Classification Memo,
- b) Appendix 2 - Commitment Letter drawn up under the Regulation on Measures for the Prevention of Money Laundering the Financing of Terrorism,

are recommended reading to provide you insights. Indeed, these appendices drawn up under the capital markets regulations and other applicable regulations shall become integral parts of the Agreement once you sign them.

### **III. SUBJECT MATTER OF THE FINANCIAL SERVICES**

The financial services to be provided by HSBC BANK under the agreement cover the trading of Capital Market Instruments, along with Active Account and Fund Deposit Accounts.

### **IV. FEES AND COSTS PERTAINING TO FINANCIAL SERVICES**

The costs and fees that can be collected directly by HSBC BANK are specified in the basic information document you have signed for the related product. In addition, up-to-date information on fees and costs that can be applied in investment product transactions is available on our website and in the transaction fee tables available at our branches.

### **V. PAYMENTS AND DEFAULT**

We hereby inform you that you are required to pay the fees and tax obligations to arise before financial institutions, exchanges, settlement and custody agencies, banks, tax offices, and other relevant authorities with respect to the transactions to be performed under the agreement. In this framework, you will be required to perform your obligations and liabilities including any taxes, duties and charges as well as withholding tax which do or may arise out of the Transactions covered by the Agreement, under Turkish tax regulations, within the due time frame. In this context, we would like to inform you that, failure to perform/pay the obligations and liabilities to arise out of the Transactions or other obligations or liabilities within the due time frame shall amount to a default on your part, whereupon you shall be liable for the default interest at the rate stipulated in the Agreement, along with any expense tax, various fund deductions, and any losses, costs, and additional charges applicable. That is why, make sure to carefully review the provisions of article 21 titled “Customer’s Default” under the “General Terms” of the present Agreement, as well as article 4 titled



Limits and Default regarding Option, Swap and Forward Transactions” and article 5 titled “Termination and Default regarding Over-the-Counter Derivatives” under the “Special Terms”, before signing the Agreement.

## VI. HSBC BANK’S RIGHT TO REQUEST A COLLATERAL, LIEN, CLEARING AND OFFSETTING

We would like to note that, the balances of the deposit accounts specified on any Transaction Order and Transaction Completion Form regarding the Transactions outside the framework of the Fund Deposit account, along with the mutual funds held in the Fund Deposit Account serve as lien to serve as collateral for your liabilities and obligations which arose or may arise in the context of the Transactions covered by the Agreement, in case of any default.

In case of impairment of the collaterals (to be) extended for HSBC BANK under the Agreement, or in cases where additional collaterals are needed, you will be required to provide such collaterals immediately.

Regarding such collaterals, HSBC BANK is authorized (i) to exercise the right of clearing and retention as well as any transfer, without the requirement to provide any notice to you, and regarding loan repayments you fail to make on a timely basis, (ii) to offset the amounts in your drawing accounts against the amounts you are required to pay.

## VII. WITHDRAWAL PROHIBITION

The Transactions you will perform under the Agreement shall be related to foreign currency transactions, money market instruments, transferable securities, investment fund shares, financial asset based futures contracts, forward interest rate agreements, interest, foreign currency and share swaps, options, and similar financial instruments based on cash settlement, which are exempted from the right of withdrawal granted in the regulations, the transactions other than the ones listed below are subject to the withdrawal prohibition. Therefore, **we would like to underline that you will not be entitled to the right of withdrawal** regarding these transactions.

The use of the right of withdrawal is not applicable for the products subject to this contract, due to the possibility that the product prices change beyond the control of the supplier depending on the fluctuations in the financial markets and that this change may also take place within the period of the right of withdrawal.

The requests for withdrawals shall be submitted in accordance with article 15 titled Notices and Notifications under “General Terms” of the Agreement.

## VIII. TERM, AMENDMENT, AND TERMINATION OF THE AGREEMENT

The Agreement shall enter into force on the “Agreement Date” and shall remain in force until it is terminated. The Agreement can be terminated by giving written notice to us, HSBC BANK, at least 1 (one) month in advance, provided that you have paid all your debts. In this context, all accounts you have, or a number of your accounts, can be closed.

HSBC BANK can terminate the agreement unilaterally and immediately, without notice in case (i) you default on your obligations, (ii) you act in violation of the provisions of the Agreement, or in case HSBC BANK suffers a loss due to your illegal

**HSBC BANK A.Ş.** - Address: Esentepe Mah. Büyükdere Cad. No: 128 Şişli 34394/Istanbul Registration Address: Istanbul Registry of Commerce / Reg. No.: 268376, MERSIS No: 0621002428200197, E-mail Address: [www.hsbc.com.tr](http://www.hsbc.com.tr), Telephone: (0212) 376 40 00, Fax: (0212) 3362939-3362638-3362141-3362260

Retail Banking Capital Markets Transactions and Investment Products Framework Agreement Pre-Agreement Information Form (ENG) 16112021 Rev000



acts, (iii) you default with respect to the collaterals covered by the Agreement, or in case you fail to submit the collateral, (iv) you default on your obligations arising out of another agreement you have with HSBC BANK, or (v) bankruptcy, liquidation, composition or similar legal procedures are initiated against you, by you or third parties. To learn more about the circumstances which serve as grounds for immediate termination, please carefully go over article 20 titled Amendment and Termination of the Agreement under the “General Terms” of the Agreement, and article 5 titled Termination of and Default in Over-the-Counter Derivatives Contracts under the “Special Terms” of the Agreement.

HSBC BANK may revise the terms of the Agreement, including the terms regarding fees, commissions and penalties, by notifying you about the changes in written form through mail, or via SMS, or via the registered e-mail system. You can object to the changes in the Agreement, within 30 (thirty) business days to follow the date of notification about the change.

Respectfully submitted for your information.

**HSBC Bank A.Ş.**

**Customer’s Statement:**

**I hereby agree and declare that I received the present Pre-Agreement Information Form containing information about the contents of the Agreement, as well as the text and appendices of the Agreement, before signing / approving the Agreement, that I saved the texts on permanent media, that I reviewed and considered the texts, and that I shall be signing / approving the Agreement with the knowledge, understanding, and approval of these terms.**

**Customer**

**Full Name** : .....

**Signature** : .....

**Date** : .....



## GENERAL RISK NOTIFICATION FORM ON INVESTMENT SERVICES AND ACTIVITIES

### **Important Disclosure**

While transactions you conduct on the capital markets offer the possibility of earning a profit, they also carry the risk that you may incur a loss. Therefore, before making the decision to carry out any transaction in the market, it is important that you consider and understand the risks you may encounter, your own financial position and your limitations.

For this reason, it is important that you understand the issues referred to below in the "Investment Services and Activities General Risk Notification Form" as stipulated in Article 25 of the "Communiqué on the Principles of Establishment and Activities of Investment Organizations" number III-39.1.

**Warning:** Before beginning to conduct transactions, make certain that the institution with which you are planning to work has a "Certificate of Authorisation" for Capital Markets transactions. Lists of banks and capital market intermediary institutions licensed to conduct capital markets transactions appear at [www.spk.gov.tr](http://www.spk.gov.tr) or [www.tspakb.org.tr](http://www.tspakb.org.tr).

**Risk Notification:** It is imperative that in addition to the "Framework Agreement" you will sign with the institution, with which you plan to conduct your transactions, you also clearly understand the matters outlined below.

1. The account you will open and all transactions conducted on this account will be governed by the regulations and similar administrative procedures issued by the Capital Markets Board (CMB), exchanges and clearing houses.
2. Capital markets transactions are subject to different and varying levels of risk. As a result of fluctuations in market prices, it is possible that you may lose the entire amount deposited with the intermediary institution and furthermore, depending on the type of transaction(s) you conducted, that the amount of your losses may exceed the amount you deposited.
3. Due to the leveraging effects inherent in transactions such as margin trading or short selling, conducting transactions backed by low levels of paid equity can either be to your advantage or to your disadvantage; in light of this, you should be clearly aware that the leverage effect has the potential both to earn you significant returns and to generate losses.
4. You should be aware that information and recommendations provided to you by your intermediary institution regarding capital markets transactions may be incomplete and in need of verification.
5. You must realize that the results of technical and fundamental analyses regarding the purchase or sale of capital markets instruments conducted by authorized personnel at the intermediary institution may vary according to the person conducting the research and that there is a serious possibility that the outcomes predicted in the analysis will not occur in reality.
6. You must be advised that, when conducting transactions denominated in foreign exchange currencies, in addition to normal market risks listed above, you also incur an exchange rate risk. You must also recognise that there may be a loss in value on a Turkish Lira basis as a result of exchange rate volatility and governments may restrict foreign capital and foreign exchange movements, new and/or additional taxes may be applied and that FX transactions may not be executed on time or in a timely fashion.
7. Before starting your transaction, you are required to obtain confirmation from your investment undertaking about all commissions and other transaction fees that you will be liable to pay. If the aforesaid fees have not been denominated in monetary value, you should request a written statement including clear examples denoting how such fees will be reflected to you.

This capital markets transaction risk notification form has the intention of informing the customer about existing risks in general and may not cover entire risks that may arise from trading in capital markets instruments and implementation. Accordingly you should carry out meticulous research prior to engaging your savings in such types of investments.

I hereby accept and declare that I have read and understand the abovementioned information and that I have signed this "Investment Services and Activities General Risk Notification Form" of my own free will, provided that my right of claim and right of litigation are reserved for any losses I might incur due to the omission or negligence of the Bank during the implementation of these principles, and that following this I have signed the agreement and received a sample of the Form.

Customer Name & Surname: .....

Signature:.....

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Retail Banking Capital Markets Transactions and Investment Products Framework Agreement Pre-Agreement Information Form (ENG) 16112021 Rev000



**HSBC BANK A.Ş.  
RETAIL BANKING  
CAPITAL MARKETS TRANSACTIONS AND  
INVESTMENT PRODUCTS  
FRAMEWORK AGREEMENT**

**PARTIES TO THE CONTRACT**

This Capital Markets Transactions and Investment Products Framework Agreement (shall be referred to as the “Agreement” hereinafter) has been executed by and between;

**1. HSBC Bank A.Ş.**

(shall be referred to as “**HSBC BANK**” hereinafter)

on the other side and

**2. Customer Name and Surname: .....**

.....  
.....  
.....  
.....

(shall be referred to as the “**CUSTOMER**” hereinafter)

CUSTOMER and HSBC BANK A.Ş. shall be collectively referred to as the “**Parties**” and individually as the “**Party**” hereinafter.

In case of opening a joint account, CUSTOMER refers to all joint account holders.

## ABOUT THE AGREEMENT

1. This Agreement arranges the principles and procedures pertaining to the capital markets services and products that will be offered to the CUSTOMER along with any associated rights and obligations of the parties designated in compliance with Capital Markets Law No. 6362, Communiqué No. III-37.1 on Investment Services and Auxiliary Services, Communiqué No. III.39.1 on the Establishment and Operating Principles of Investment Institutions, Communiqué No. III.45-1 on Documents and Record-Keeping Principles Pertaining to the Investment Services and Operations and Auxiliary Services that have been published by the Capital Markets Board as well as other associated legislation.
2. This Agreement consists of three main sections as follows; “**A-General Provisions**”, “**B-Special Provisions**” and “**C-Annexes to the Agreement**”. The first section, titled “A-General Provisions”, includes the valid and applicable provisions pertaining to the entire capital markets services to be performed within the scope of the Agreement between HSBC BANK and CUSTOMER. The second section, titled “B-Special Provision”, contains the provisions applicable based on the type of capital markets transactions and/or investment products that the CUSTOMER would execute and consequently the provisions in the section titled “B-Special Provisions”, will not be applicable for services which are not provided to the CUSTOMER. In the presence of a discrepancy between the General Provisions and Special Provisions, Special Provisions shall be valid and applicable relative to the General Provisions. In regards to the conditions that have not been clearly arranged under Special Provisions, the related articles of the General Provisions shall be applicable. The final section, titled “C-Annexes to the Agreement”, includes the forms, notifications and declarations to which a referral is made in the Agreement and which constitute an integral part of the Agreement.
3. The Agreement covers the entire agreement and mutual understanding between the parties regarding this subject matter and covers any other previously made oral or written agreements, confirmations and understandings between the parties in regards to the transactions stated herein.
4. The Customer hereby declares to have received and read as well as understood the **General Risk Notification Form on Investment Services and Activities** and Pre-Agreement Information Form Regarding Capital Markets Transactions and Investment Products Framework Agreement that has been provided prior to the signing of the Agreement.
5. **This Agreement has been signed and executed by the parties in 1 (one) original copy. The Customer has received a copy of the Agreement signed and stamped by HSBC BANK to confirm compliance with the original of the same.**
6. This Agreement enters into effect as of the “Date of Agreement” indicated on the Agreement or on the date when the customer approves the agreement on Internet Banking or Mobile Banking.

## A- GENERAL PROVISIONS

### ARTICLE 1- DEFINITIONS AND ABBREVIATIONS

The following terms shall have the following meanings, unless the context otherwise stated.

**Active Account:** Active Account is a demand deposit account where the end of day balance of the account is used to buy mutual funds and FX purchase, regular payment orders and payments of HSBC Credit Card, personal loan (excluded Overdraft), pension plan, automatic bills are realized automatically by redemption of mutual funds into cash.

**Communique on Documents and Record Keeping:** Means the Communique No. III.45-1 on Documents and Record Keeping Principles Pertaining to the Investment Services and Operations and Auxiliary Services that was issued by the Capital Markets Board.

**Stock Exchange:** Means the systems and markets that are established in the form of an incorporated company, authorized in accordance with Capital Markets Law No. 6362 which brings or facilitates bringing together buy and sell orders, operated and/or managed by itself or the market operator regularly to ensure that the capital markets instruments, foreign exchange, precious metals and precious stones as well as other contracts, instruments and securities that are deemed appropriate by the Board are easily and securely traded in terms of free competition and to ensure that the prices established are determined and announced .

**Channels of Electronic Communication:** Means fax, ATM, computer, telephone, mobile device, internet access tools that can be used to relay any orders that the CUSTOMER would issue to HSBC Bank within the scope of this agreement and any and all types of electronic communication channels utilized to relay customer orders bearing his/her e-signature to HSBC BANK.

**Order(s):** Means the purchase and redemption orders received from the CUSTOMER to trade in the Capital Market Instruments and Over-the-Counter Derivative Products within the scope of this agreement. Order contains both electronic communication and digital channels that placed by CUSTOMER to HSBC BANK.

**Eurobond:** Eurobonds are generally long-term borrowing instruments offered by the state or companies in foreign currencies in order to obtain funds outside their own countries.

**Fund Deposit Account:** Fund Deposit Account is a time deposit account where a specific amount of customer portfolio is invested in one or more of the mutual funds that have particularly been found by HSBC Asset Management while the remaining balance of the customer portfolio is deposited in a time deposit account for a period of minimum 1 month and maximum 1 year at an interest rate that is higher than the current gross interest rate of the HSBC BANK applicable to that specific maturity. **Financial Assets:** Means the Capital Markets Instruments, over-the-counter Derivative Products, money market instruments and transactions, cash, foreign exchange, participation account and other assets and transactions that are deemed suitable by the Capital Markets Board.

**Account:** Means all the account(s) opened at HSBC BANK in the name of the CUSTOMER within the scope of this Agreement and the cash, securities and custody accounts that have been or will be opened in connection with the account(s) of the CUSTOMER.

**HSBC ASSET MANAGEMENT:** Means HSBC Asset Management A.Ş.

**HSBC SECURITIES:** Means HSBC Securities A.Ş.

**Issue:** Means the sale of the Capital Markets Instruments introduced to the market by the issuers, through a public offering or otherwise.

**Transaction(s):** Means each purchase or sale transaction realized in the organized markets or Over-the-Counter Markets within the scope of this agreement.

**Transaction Date:** Means the date on which a transaction is realized.

**Law:** Means Capital Markets Law No. 6362.

**Board or CMB:** Means Capital Markets Board.

**CRA:** Means Central Registration Agency A.S., that is defined in article 81 of the Capital Markets Law.

**Joint Account:** If an account has more than one holder, then this account is considered to be a joint account. A joint account is opened upon a request by the account owners that sign the agreement separately to open a joint account. While opening the account, the account owners inform the Bank whether the account will operate on joint or individual authority basis. In a joint account operating on individual authority basis, each one of the joint account holders may exercise the rights and

authorities granted to an individual deposit account by him/her. The rights of the joint account holders on the relevant joint account are equal to each other.

**Custodian:** Means CRS, Settlement and Custody Bank or other authorized clearing and custodian entities that keep the Capital Markets Instruments belonging to the CUSTOMER in custody in the accounts opened in the name of the CUSTOMER in record or physical form, maintain the relevant records and perform the operational processes.

**Capital Markets Instruments:** Means entire capital markets instruments stipulated to be within this scope by the Capital Markets Board including Mutual Funds, Fixed Income Securities, Over-the-counter Derivative Products, asset backed securities, asset guaranteed securities, lease certificates and capital markets instruments that are also accepted as appropriate by the CMB.

**Capital Markets Legislation:** Means Capital Markets Law number 6362; the entire legislative regulations issued or put into effect based on this law such as cabinet decrees, regulations, communiqués, resolutions, and other similar legislative regulations; cabinet decrees, regulations, communiqué, resolutions and other similar legislative regulations, which continue to be in effect pursuant to Capital Markets Law number 6362 and relevant legislative provisions and which had been put into effect during the abrogated Capital Markets Law number 2499 period amended by laws number 3794 and 4487 as well as laws, communiqués, regulations, and decrees issued by other relevant regulatory bodies with respect to activities and services contained herein, and other similar legislative regulations.

**Withholding Tax:** Means the taxation method that is implemented by depositing the portion of the payment amount determined based on the rates stipulated by the law, which is to be held by those making the payment to the tax office as prepaid tax in the name of the party at the stage of payment to the concerned party of a revenue regarding a profit that is subject to income or corporate tax.

**Settlement and Custody Bank(Takasbank):** Means Istanbul Settlement and Custody Bank A.Ş..

**TEFAS:** Means an electronic platform that enables trading of mutual funds participation certificates on a central electronic platform by fund managers through the dealers that are found in the platform based on full automation and enables performance of clearance and custody in an integrated manner with Settlement and Custody Bank-CRA system.

**Organised Market:** Means Exchanges and alternative trading systems outside the Exchanges that match the buy and the sell sides of capital markets instruments, and act as brokers in their trading, and establish systems and platforms and operate such as well as multi-party trading platforms and other organized markets.

**Over the Counter Market:** Means the market places other than the organised markets, where the capital markets instruments change hands between the sellers and buyers.

**Over the Counter Product:** Means the Derivative Products that is traded in the Over the Counter Market.

**Derivative Products:** Derivative instruments that give the right to buy or sell or exchange securities, except those based on stock indices or shares; the value of a security price or yield; a currency price or price change; the interest rate or change in the rate; a precious metal or gemstone price or price change; a commodity price or price change; statistics published by institutions deemed appropriate by the Board or changes in them; derivative instruments that provide credit risk transfer, have measurement values such as energy prices and climate variables and are dependent on an index level or change in level formed from these, derivatives of these instruments, all kinds of structured financial instruments created in connection with these instruments and the listed underlying assets with each other means derivative derivatives.

**Investment Services Communiqué:** Means Communiqué No. III.37-1 on the Investment Services and Auxiliary Services that was issued by the Capital Markets Board.

**Investment Institutions Communiqué:** Means Communiqué No. III.39-1 on the principles pertaining to the Establishment and Activities of Investment Institutions that was issued by the Capital Markets Board.

**Tax Obligations:** Means any and all taxes, charges, fees and expenses that are imposed and accrued or may be imposed and accrued at any time to the CUSTOMER according to Turkish legislation with regards to the transactions executed and services received by the CUSTOMER within the scope of this agreement.

**YTM or Investor Compensation Center:** Means the Investor Compensation Center that is defined in article 83 of the Capital Markets Law.

## ARTICLE 2 - SCOPE:

**2.1** The transactions pertaining to the purchase and sale of the Capital Markets Instruments realized with the CUSTOMER as well as Active Account and Fund Deposit Account Transactions are subject to the provisions of this Agreement. In principle, a separate contract is drafted in line with the provisions of the Capital Markets Law and relevant legislation for brokerage activities to be performed for capital markets instruments that are not included in the Capital Markets Instruments and investment products listed. However, in case a separate contract is not drafted or in cases where no provision exists even if such an agreement is drafted, the provisions of this Contract are applied by comparison in a manner that is fit to the nature of the transactions.

**2.2 Risk Profiling Questionnaire and Suitability Test:** HSBC BANK is obliged to sell capital markets instruments that are suitable for their clients risk and return expectations in accordance with capital market legislation. Therefore, due to this legislation HSBC BANK is obliged to classify all its customers as "General", "Professional" or "Professional Customer on Demand" according to criteria achieved and based on the information and documents that are submitted and to provide services in accordance with this classification. "General customers" are required to complete Risk Profiling Questionnaire and Suitability Test in order to ensure that they are provided capital markets instruments that are suitable for their risk and return expectations. HSBC BANK ensures that the risk profile of the customers are determined by requiring that certain questions are answered in order to determine the risk and yield preferences of customers to whom the Bank provides investment services. There may be some discrepancies between the determined Customer Risk Profile and the transaction volume and frequency that the customer states that he/she executes. The Customer Risk Profile is taken into consideration in compliance assessment of the transactions in investment products executed through our Bank (excluding the mutual funds of other entities). Information and results obtained in the Risk Profile Questionnaire and Suitability Test are used when the CUSTOMER trades in capital markets instruments and these information will be used for HSBC Bank A.Ş., HSBC Securities A.Ş. and HSBC Asset Management A.Ş. Risk Profile Questionnaire and Suitability Test may be performed within the branch as well as through non-branch channels. Unless there is a clear demand of the CUSTOMER, investment products that are not suitable to that risk profile are not presented to the CUSTOMER. In case where Risk Profiling Questionnaire and Suitability Test is performed in representation of the CUSTOMER, the questions are asked to the CUSTOMER's representative and responses given by the representative are deemed to be given on the name of the customer and the result of the profile analysis is determined on the name of the CUSTOMER. For joint accounts, the Risk Profiling Questionnaire and Suitability Test can be only performed for joint accounts operating on individual authority basis and any of the account holders can perform the Risk Profiling Questionnaire and Suitability Test on behalf of joint account operating on individual authority basis. The result of the Risk Profiling Questionnaire and Suitability Test is used for the investment subscription transactions for joint account operating on individual authority basis. Risk Profiling Questionnaire and Suitability Test can not be performed for joint accounts operating on joint authority basis and investment products are not sold to joint accounts operating on joint authority basis. According to CMB Communiqué, it is not mandatory to fill in Risk Profiling Questionnaire and Suitability Test for mutual funds traded on TEFAS Platform, money market funds and short term fixed income funds, fixed income securities issued by Turkish Treasury. However, according to HSBC internal policies, it is mandatory to fill in Risk Profiling Questionnaire and Suitability Test for all investment product subscription orders. As per the internal policies of HSBC, the results of the Risk Profiling Questionnaire and Suitability Test shall be valid for a period of 2 year, and CUSTOMER cannot subscribe for new investment products if he/she fails to retake Risk Profiling Questionnaire and Suitability Test at the end of the two-year period. HSBC reserves its right to review and update risk rating (profile) of investment products when it deems required. New risk rating (profile) of the investment product is valid for the subscription transactions after the risk rating change.

**2.3 General Investment Advice:** HSBC BANK does not provide General Investment Advice for products which are not suitable for CUSTOMER's risk profile. On condition that it is consistent with CUSTOMER's risk profile, General Investment Advice can be provided only for investment products provided by HSBC BANK including HSBC ASSET MANAGEMENT mutual funds traded on Turkey Electronic Fund Distribution Platform (TEFAS Platform) and HSBC Asset Management Money Market Fund and HSBC Asset Management Short Term Fixed Income Fund which are not traded on TEFAS Platform, however; investment advice and portfolio management services are not provided by HSBC BANK. In addition, general investment advice is not provided neither Non-HSBC Mutual Funds Traded On Turkey Electronic Fund Distribution Platform, nor HSBC ASSET MANAGEMENT's unconstrained funds and private

funds. HSBC BANK does not provide general investment advice for mutual funds traded on TEFAS Platform which issued by institutions other than HSBC ASSET MANAGEMENT. The service provided by HSBC BANK for non-HSBC mutual funds is limited to accepting the buy/sell orders to be transmitted to TEFAS Platform on an execution only basis. Risk Profiling Questionnaire and Suitability Test is not used for suitability assessment for nonHSBC mutual funds.

**2.4 Investment Advisory, Portfolio Management and Tax Consultancy Services:** HSBC BANK does not provide Investment Advisory and Portfolio Management Services. All investment transactions are carried out on the customers' own initiative, based on their own decisions. HSBC BANK has no responsibility for providing any advice on legal or tax related issues or in other areas of specialisation. There could be legal and taxation risks pertaining to the investment transactions and it is recommended that the CUSTOMER seeks the opinion of a tax specialist in order to evaluate these risks properly.

**2.5 Restrictions on the Sale of Investment Products to Residents of US and Canada:** According to international and HSBC Group regulations, investment products could not be offered to customers who are classified and defined as U.S. resident (includes the United States of America and all states, the District of Columbia, American Samoa, Puerto Rico, Guam, The Commonwealth of the Northern Mariana Islands, and the US Virgin Islands) or Canadian resident. Customers are under obligation to inform HSBC BANK and provide the documents that could be requested by HSBC BANK upon becoming resident of U.S.A. and Canada. If the residency status of our customers become "USA or Canada resident", HSBC Bank must be immediately notified by customer of this situation. If the Bank learns this situation at its own initiative or the Customer notifies the Bank, the active account feature of your account will be cancelled.

**2.6** According to the European Commission Regulation; HSBC mutual funds, third party mutual funds on TEFAS, mutual fund deposit account, active account, OTC Derivatives. If there is a change regarding this regulation mentioned under this section, the change will be implemented and you will be informed at the time of your instruction.

**2.7** You will confirm that you have approached HSBC Bank A.Ş. with regards to the related products/services to be purchased and have decided to enter into a transaction by your own volition having read and understood all relevant product literature, without any prior solicitation, product/service marketing made by HSBC Bank A.Ş. during your official residency abroad or your presence in a foreign country at the time of transaction.

**2.8 Basic Information Document and Prior Information Form:** Orders are taken from the CUSTOMER on transaction basis of the product. Prior to any investment transaction made by the CUSTOMER in any investment product/products, the risks of such products are shown to the CUSTOMER with Basic Information Document and Prior Information Form. The investment information, comments and recommendations within Basic Information Document and Prior Information Form are not within the scope of an investment advisory service. The comments and recommendations within Basic Information Document and Prior Information Form are general. These recommendations may not be suitable for financial status and risk and yield preferences of the CUSTOMER. Therefore, CUSTOMER's investment decisions taken solely based on information provided in Basic Information Document and Prior Information Form may not have results that are in line with his/her expectations.

**2.9 Guarantee Amount of Investor Compensation Center:** As per Capital Markets Board regulations, Mutual Funds, Private Sector Bonds, TRY and FX denominated Treasury Bills, Government Bonds and Over-the-Counter Derivatives are under the protection of the Investor Compensation Center, up to an amount announced every year for each investor. This amount is increased each year by revaluation coefficient. Individuals and institutions excluded from the compensation scope are not subject to this guarantee.

**2.10** The CUSTOMER hereby authorises HSBC BANK to open multiple sub and/or linked accounts associated to the account opened/to be opened to the CUSTOMER.

### ARTICLE 3- INTRODUCTION AND REPRESENTATION OF THE CUSTOMER

**3.1.** The CUSTOMER and HSBC BANK hereby accept that HSBC Retail Banking Transactions Agreement signed by the CUSTOMER is a complementary part of this Agreement.

**3.2.** The CUSTOMER hereby accepts to inform HSBC BANK in writing of any changes in the information provided to HSBC BANK within HSBC Retail Banking Transactions Agreement. Until such a notification is made by the CUSTOMER,

the information provided in HSBC Retail Banking Transactions Agreement shall be taken as basis in all the transactions executed by HSBC BANK.

- 3.3.** In line with the provisions of Anti-Money Laundering Law No. 5549 and related legislation, HSBC BANK checks the identification of the CUSTOMER prior to opening an account. The identification check is performed separately for each account holder in opening joint accounts. If the account is opened as a joint account operating on individual authority basis at the beginning, then the signatures are obtained from each account holders on the same (one) Capital Markets Transactions and Investment Products Framework Agreement. Risk Profiling Questionnaire and Suitability Test can not be performed for joint accounts operating on joint authority basis and investment products are not sold to joint accounts operating on joint authority basis.
- 3.4.** It is obligatory to renew the Agreement with Customer/Customers in case the identity of the Customer changes due to inheritance, inclusion of new right owners to or removal of some existing ones from the joint account.
- 3.5.** If a joint account for multiple account holders is opened, each account holder, as the joint creditor, shall be fully authorized to dispose of the account as desired, withdraw the cash money in the account partially or wholly, deposit money, issue orders for transfers between accounts, securities purchases, sales and custody services, close the account, provide the required sum or the security for the realisation of a transaction, take delivery of the securities and/or any document supporting such securities available in the account, issue orders for transfer and delivery to a person or entity/entities of his/her choice the funds and/or securities available in the account in the amount desired and to delegate all the authority in his/her possession to a third party by means of a notary drafted power of attorney. HSBC Bank shall be deemed to be discharged of liability in the amount of the payment and/or delivery (including delivery of securities) made to any one of the account holders of the joint account or to the duly authorised representative of such account holder.
- 3.6.** If the CUSTOMER appoints a representative then he/she accepts within the scope of the power of attorney granted that the person appointed as representative shall be entitled to exercise any and all the rights of the customer arising from this Agreement, and that the Customer shall be bound by the legal consequences of the transactions executed and to be executed by the representative, and until and unless the CUSTOMER informs HSBC Bank in writing of rescinding the said power of attorney he/she will be bound by the transactions performed by the representative and the authority granted to HSBC BANK under this Agreement by the CUSTOMER shall continue to be valid until his/her successors notify and submit the certificate of inheritance to HSBC BANK in case of the demise of the CUSTOMER. Furthermore, the CUSTOMER is obliged to inform HSBC BANK promptly of any changes in the persons and/or the authorisations of the persons representing him. Otherwise, any and all the responsibility arising from the transactions executed by unauthorised persons shall be borne by the CUSTOMER.
- 3.7.** Other than the CUSTOMER, only the persons who are authorised by the CUSTOMER via a notary drafted power of attorney may execute transactions through the Customer Account. Under the circumstances, the identification of the representative is also determined as per the principles indicated under Article 2.
- 3.8.** If the CUSTOMER appoints a representative or representatives to represent him, then a notary approved power of attorney providing information on the identity of the representative together with the signature specimens and restrictions on authority, if any, shall be submitted to HSBC BANK.
- 3.9.** HSBC BANK shall diligently check and examine the details pertaining to the identification of the representatives of the CUSTOMER along with the signature specimens provided, and except in situations where the fault is directly attributable to the BANK, HSBC BANK shall under no condition be responsible for any consequences arising due to the similarity of signatures that appear to be the same at first glance. Unless a specific restriction is imposed on the authorisations within the scope of the general power of attorney granted to the representative by the CUSTOMER, the representatives shall be assumed to be authorised to represent the CUSTOMER in any and all the transactions between the CUSTOMER and HSBC BANK. Provided that it is not directly attributable to any fault on the part of HSBC BANK. HSBC BANK shall not be responsible for any forgery, errors, or tampering in the power of attorney or any other authorisation documents submitted to it.

**3.10** Without any prejudice to the portfolio management activities, as per paragraph (i) of article 56 of the Communiqué on Principles Regarding the Establishment and Activities of Investment Organizations the employees of HSBC BANK, including the managers and executives and the entities from which HSBC BANK outsources services, cannot perform transactions in the name of the Customer on the basis of a verbal authorisation or a general power of attorney issued by the customer including authorisations of comprehensive nature such as issuing and signing of orders and other documents, depositing and withdrawing cash and capital markets instruments to/from the account, executing electronic fund transfers and transfers to other accounts.

#### **ARTICLE 4- CLASSIFICATION OF CUSTOMERS**

**4.1.** On the basis of information obtained from the Customer, and as per the related arrangements of the Board, HSBC BANK is required to classify its customers as “**General**”, “**Professional**” and “**Demand Based Professional**”, and to conduct the services and activities stipulated within the scope of the Agreement in compliance with this classification. Within the framework of the Capital Markets Legislation we, as HSBC BANK, are under obligation to sell the Capital Markets Instruments that are commensurate with the risk preferences and yield expectations of our customers. Customers that are classified as “General” should complete Risk Profiling Questionnaire and Suitability Test prior to presentation of any capital markets instruments in order to ensure that products that are in line with their risk preferences and yield expectations are offered. If the CUSTOMER wants to be classified as a “professional customer” in his/her investment product transactions, he/she will be required to apply to our branch to obtain information on the subject or submit an application along with relevant documents. If the CUSTOMER considers his/her category to be “Demand Based Professional” even if he/she is classified in the “General” category, he/she can submit the information and documents supporting the criteria set out in the legislation to HSBC BANK and be change his/her classification as “Demand Based Professional” category if his/her request is deemed justified. Our customers classified in “Professional” and “Demand Based Professional” categories are assumed to be in possession of the experience, knowledge and expertise to decide their own investments and assess the risks they will be undertaking and as such it becomes possible for them to trade in capital markets without being subject to the Risk Profiling Questionnaire and Suitability Test. If the CUSTOMER is classified in “Professional” or “Demand Based Professional” category, but he/she does not want to be classified as “Professional” or “Demand Based Professional”, and requests to be subject to the provisions of the law applicable to the “General” Customer category, he/she will be required to inform HSBC Bank promptly of his/her request. As per the Communiqué on Investment Entities, the principles pertaining to the classification of Customers, the provisions of the related legislation and principles on the rights of the CUSTOMER to change his/her classification are provided in “Customer Classification Information Sheet” supplied in attachment to the agreement (Annex-1) and the customer has been provided information on the subject prior to signing the agreement.

**4.2.** The CUSTOMER hereby accepts and declares to be obliged to inform HSBC BANK promptly of any situation that would arise to affect the classification of the CUSTOMER and to be directly responsible for ensuring the accuracy of the information provided as well as its updating, when necessary.

**4.3** The CUSTOMER is obliged to inform HSBC BANK of any circumstance that could affect his/her classification and HSBC BANK is obliged to carry out the necessary action to perform the obligations prescribed in the legislation upon learning any circumstance that affects the classification of the CUSTOMER. Within the designated principles, CUSTOMER shall be responsible for the accuracy and updating (when necessary) of the information provided.

#### **ARTICLE 5- PRINCIPLES AND PROCEDURES PERTAINING TO THE ACTIVITIES OF HSBC BANK**

HSBC BANK is obliged to act in compliance with the following principles and procedures in regards to the services it will be providing to the CUSTOMER within the framework of this Agreement:

**5.1.** HSBC BANK must accept and realise the orders of the CUSTOMER within the framework of its order realisation policy, principles indicated herein, its obligation to execute the Customer order in the best possible manner and by extending the care and loyalty owed to the Customer, and

- 5.2. HSBC BANK is obliged to protect the confidentiality of CUSTOMER Orders. The information on orders cannot be transferred to a third party in a manner to be against the interests of the CUSTOMER and for the third party's or used without prior knowledge of the CUSTOMER.
- 5.3. The prices, at which the transactions are to be realised, must be determined objectively in conformity with the general market conditions and their fair values.
- 5.4. HSBC BANK will act in fairly and honestly by observing the interests of the CUSTOMER and the integrity of the market in the services provided to the CUSTOMER. To serve this purpose HSBC BANK, in its relations with the CUSTOMER, shall establish an organisational structure that would prevent any conflicts of interest that could arise between it, its partners, employees, executives and persons that are directly or indirectly related with these and the CUSTOMER or between the CUSTOMER and another customer and shall take the necessary administrative measures.
- 5.5. In conducting its operations, HSBC BANK shall be obliged to act as a prudent merchant, show the professional care and due diligence required by the job and take the necessary measures within this scope.
- 5.6. In its relations with the CUSTOMER, HSBC BANK shall be obliged to provide sufficient information and transparency regarding the record keeping system, other arrangements oriented to protect the investors and all other subjects that interest the CUSTOMER.

#### **ARTICLE 6- RESPONSIBILITY IN THIRD PARTY TRANSACTIONS**

HSBC BANK is obliged to show extreme care and sensitivity in the services provided to the CUSTOMER. However, the responsibility of HSBC BANK in regards to services provided within the scope of this agreement shall be limited to the circumstances where the fault is attributable to HSBC BANK. Except in cases where the fault is attributable to HSBC BANK, HSBC BANK shall not be responsible for the negligence of third parties and the entities from whom the services are outsourced.

#### **ARTICLE 7- ORDERS**

- 7.1 Other customer orders with regards to trading of investment products or investment services may be given through channels outside the branches by facsimile, telephone, e-mail or electronically. All of the orders that are conveyed by any means of communication other than those given in writing, are accepted as oral order within the framework of general provisions. The provisions of the relevant Communiqué issued by the Capital Markets Board are effective regarding documents that will be prepared by HSBC BANK in its brokerage activities, and principles it shall abide by in accounting transactions, and taking of orders with regards to such services, as well as their recording and implementation.
- 7.2. HSBC BANK has the right to partially or completely reject an Order. If an Order is rejected, HSBC BANK communicates this to the CUSTOMER or his/her representatives immediately upon receiving the Order. HSBC BANK may not be held liable for losses or damages arising due to force majeure events and/or natural disasters that are outside the reasonable control of the HSBC BANK. The CUSTOMER hereby also accepts and declares that HSBC BANK shall not be held responsible for any losses or damages that the CUSTOMER may be exposed to, provided that there is no negligence that may be attributed to HSBC BANK, due to Orders not being received that are sent by facsimile, e-mail, or any other electronic means, or for non-execution and/or delayed execution of such Orders due to the necessity to clarify an order that is not clear. Even in circumstances whereby HSBC BANK can be held responsible due to wrongful intent or gross negligence, the subject matter responsibility shall be limited to the actual material losses incurred. HSBC BANK shall under no condition be responsible for any indirect losses, loss of profit and non-pecuniary damages that the CUSTOMER could be exposed to.
- 7.3 The CUSTOMER is obliged to keep the user code and password to be used in sending orders via electronic communication channels confidential. Any order to be sent by the third parties via electronic communication channels by using the user code and password of the CUSTOMER shall be deemed to be sent by the CUSTOMER himself and the CUSTOMER shall be responsible for any consequences of such orders. If any third party is determined to have had unauthorised access to the subject matter information, HSBC BANK shall be promptly informed of the circumstances. Under the circumstances, HSBC BANK shall, as soon as possible, take the measures necessary to prevent any unauthorised orders being given.
- 7.4. The CUSTOMER can choose to exercise his/her right to execute transactions via electronic communication channels only either himself/herself or through his/her representatives appointed as per article 3 of this Agreement. The

CUSTOMER hereby accepts and acknowledges that he/she will not let any third party to execute transaction via electronic communication channels, and not to collect any fees, regardless of their nature, due to such transactions, and if the CUSTOMER chooses to do so, HSBC BANK shall under no condition be responsible, except when the fault is attributable to HSBC BANK, before the public authorities and in regards to the disputes that could arise between the CUSTOMER and third parties.

- 7.5. Unless the fault is attributable to HSBC BANK, HSBC BANK shall not be responsible for a CUSTOMER failing to relay orders via electronic communication channels, or their failure to realise orders or their incomplete or incorrect realisation.
- 7.6. The CUSTOMER hereby accepts and acknowledges that his/her phone conversations with HSBC BANK conducted within the scope of this Agreement are being recorded and can be used as evidence when necessary. If the CUSTOMER notifies HSBC BANK of his/her non-acceptance of the recording of his/her phone conversations, HSBC BANK shall be entitled not to carry out the orders submitted via phone by the CUSTOMER.
- 7.7. HSBC BANK is obliged to maintain any records and documentation pertaining to the orders for a period prescribed in the provisions of the related legislation.

## **ARTICLE 8- CONFIRMATION AND REPORTING OF TRANSACTIONS**

- 8.1. Mutual Funds, Fixed Income Securities, Fund Deposit Account and Active Account transactions executed in CUSTOMER's accounts can be displayed over HSBC BANK Retail Internet Banking after transactions are realized. Over the Counter Product transactions executed in CUSTOMER's accounts can be confirmed through HSBC BANK branches after transactions are realized.
- 8.2. The CUSTOMER is entitled to obtain information regarding the account balances and/or the transactions performed through the accounts at all times.
- 8.3. According to the Communiqué on Documents and Record Keeping, HSBC BANK uploads the transaction execution forms, which are required as per the Capital Markets legislation, pertaining to the realized Mutual Funds, Fixed Income Securities and Over the Counter Product transactions to the HSBC BANK Retail, Internet and Mobile Banking. Also, an e-mail is sent to the CUSTOMER's e-mail addresses registered in the HSBC BANK system, informing that the transaction result form has been uploaded to the electronic platform. CUSTOMER can have access to HSBC BANK Retail, Internet and Mobile Banking by using the user code, password and single-use PIN that are specifically assigned to him/her. According to the Communiqué on Documents and Record Keeping, the CUSTOMER can obtain all other forms, required as per the Capital Markets legislation, pertaining to the other investment product transactions realised during the day from his/her branch.
- 8.4. Within 5 (five) business days following the end of each calendar month, HSBC BANK uploads CUSTOMER's monthly Wealth Statements to HSBC BANK Retail, Internet and Mobile Banking. CUSTOMER can have access to HSBC BANK Retail, Internet and Mobile Banking by using the user code, password and single-use PIN that are specifically assigned to him/her. Account, Wealth Statement and/or report might not be sent and/or a notification might not be made to the customers who have no investment products transactions in the relevant period. On the other hand, a report and/or a statement might not be sent to the professional customers who sign a specific agreement exclusively not to receive an account, wealth statement and report. If the CUSTOMER requests to receive the monthly Wealth Statement via mail or courier service, the expenses incurred to do so shall be collected by HSBC BANK through debiting CUSTOMER's accounts.
- 8.5. Provided that the CUSTOMER is classified as a professional customer, he/she hereby accepts and acknowledges that the above mentioned account statements/monthly financial statements will not be sent to him/her upon his/her request not to receive them as stated in the Account Statement Waiver Agreement he/she signs.

## **ARTICLE 9- USE OF THE CASH IN THE CUSTOMER ACCOUNTS**

HSBC BANK can, either collectively or individually, use the cash balances remaining in accounts that have not been subject to a transaction during the day and give credit balance at the end of the day, in a manner compliant with the Capital Markets Legislation and in line with the activities it is authorized for and in keeping with the policies of the institution, to be followed up in the accounting system on the basis of accounts. If the cash belonging to the CUSTOMER is used on collective basis, then it would be essential to distribute the proceeds proportionally to the CUSTOMER's accounts.

## **ARTICLE 10- TAX OBLIGATIONS OF THE CUSTOMER**

- 10.1.** The CUSTOMER hereby accepts that taxes, dues and fees at varying rates could be collected, as per the Turkish Tax Legislation, on transactions performed within the scope of this Agreement or any income that the CUSTOMER derives from such transactions, or that HSBC BANK may be obliged to make deductions from such proceeds according to the Turkish Tax Legislation. It is the responsibility of the CUSTOMER to seek the advice and opinions of persons considered to be competent and qualified in the subject of taxes. HSBC BANK has no responsibility for providing any advice on legal or tax related issues or in other areas of specialisation. There could be legal and taxation risks pertaining to the investment transactions and it is recommended that the CUSTOMER seeks the opinion of a specialist on the subject to be able to evaluate these risks properly.
- 10.2.** The CUSTOMER shall be responsible for the payment of all the tax obligations that arise in regards to the transactions realised within the scope of this Agreement. If any tax office in the Republic of Turkey acting as the CUSTOMER's representative imposes of any tax liability accruing case to HSBC BANK, HSBC BANK is liable for any tax applicable to and accrued on the current transactions or effective retroactively due to the Capital Markets Instruments traded within the scope of this Agreement and CUSTOMER accepts to pay to HSBC BANK the sum accrued and requested by the Tax Office, upon being informed of and provided the documents relevant to the subject matter tax liability.
- 10.3.** The CUSTOMER hereby accepts and guarantees to transfer the sufficient funds to cover the withholding tax promptly until the day the transaction is executed to the relevant accounts, in case any one of the transactions stipulated herein is subject the withholding tax. The CUSTOMER, for purposes of performing his/her obligations within the scope of this Agreement, grants to HSBC BANK the authority to deduct the relevant withholding tax from his/her accounts and to make the necessary tax payments in the name of the CUSTOMER as per the relevant Turkish taxation legislation.
- 10.4.** Moreover, the CUSTOMER hereby accepts and undertakes to fully indemnify HSBC BANK and cover any loss or damage that HSBC BANK could be exposed to as a result of the failure of the CUSTOMER to transfer the funds necessary to pay the tax obligations of the CUSTOMER including failure to pay the Withholding Tax.

## **ARTICLE 11- OBLIGATION TO NOTIFY THE CUSTOMER OF RISKS**

- 11.1.** As per the second and third paragraphs of article 25 of the Communiqué on Investment Institutions, HSBC BANK is obliged to explain the commissions, fees and tax amounts or rates pertaining to the relating transactions to the general customers and obtain the written declarations of the CUSTOMER's understanding of the explanations made. In case of any changes in previously stated explanations, HSBC BANK is required to notify the customers about relevant changes within 3 business days of learning the changes and obtain written declarations of customers stating that customers understand the relevant changes. These notifications can also be done electronically.
- 11.2.** Similar to the other points explained to the CUSTOMER within this framework, it would be sufficient to notify the customers of any changes in the commissions, fees and tax amounts or rates to which the transactions are subject, electronically. However, under the circumstances, the burden of proof regarding the necessary notifications to CUSTOMER rests with HSBC BANK as per paragraph 6 article 25 of the Communiqué on Investment Institutions.
- 11.3** In relation to the execution of the businesses and transactions stipulated within the scope of this Agreement by HSBC BANK and/or third parties, any and all the expenses, fees and costs including but not limited to the commissions, annual transaction fees, mail and notary fees pertaining to the account statements and other notifications, expenses associated with money transfers including remittances/EFT/Swift and other methods of money transfer, custodian fees regarding securities and expenses associated with exercising rights of preference, dividend payments and other fees related to securities in custody, other expenses and service fees paid to third parties/entities (including fees

related to services such as account opening, maintenance, custody and transfer at CRA) shall be paid by the CUSTOMER.

## **ARTICLE 12- BLOCKAGE ON ACCOUNT, INVESTOR COMPENSATION CENTER AND PRINCIPLES OF CUSTODIANSHIP**

- 12.1.** The Capital Markets Instruments (excluding Eurobonds) belonging to the CUSTOMER shall be maintained in subaccounts opened/to be opened in the name of the CUSTOMER by HSBC BANK at the custodian institution (Central Securities Depository). The Custodian Institution shall assign a registration number and password that will solely belong to the CUSTOMER and will not change. The CUSTOMER will be able to learn of and/or control the capital markets instruments and portfolio balances belonging to him/her that are held in the sub-accounts in various investment agencies, by means of telephone, internet, call center and SMS. The Eurobonds belonging to the CUSTOMER are held in Euroclear account that is opened in the name of HSBC BANK solely to monitor the customer's assets independent of the portfolio of HSBC BANK.
- 12.2.** The CUSTOMER, besides being able to access up-to-date information pertaining to the Capital Markets Instruments available in the custody account held with the Central Securities Depository any time during the day via telephone, internet, call center and SMS by using the registration number and password assigned to him/her, he/she can also block the account for purposes of limiting any transactions conducted through his/her account without his/her knowledge. Upon placing such a block on the account, the assets in the freehold account of the investor are transferred to the Investor Hold Sub-Account under the investor's relevant account. It is essential that a blockage is put on the account between 08:00 pm - 08:00 am. On the other hand, the CUSTOMER can, at any time during the day, relay his/her instructions regarding a blockage on the account to the custodian institution. The instructions sent as such are realised without further processing at the end of the day following the completion of the member transactions before the Custodian Institution. The blockage on the account can be removed by the investor by using any one of the following means: telephone, internet, call center, SMS. If desired, it is possible for the CUSTOMER to submit an instruction to remove the hold on the account at a future date.
- 12.3** Investor Compensation Center has been established with the purpose of preventing the investors from suffering losses due to the deterioration of the financial state of investment institutions, protection of capital markets investors against risks that arise from financial institutions, and thus enhance the trust vested in the capital markets. The compensation that is readjusted annually of a certain amount of cash payment and capital markets instrument delivery obligations to their customers of brokers for whom gradual bankruptcy decree has been declared, and banks whose activities are terminated, or investment enterprises that cannot undertake or will not be able to undertake their cash payment or Capital Markets Instrument delivery obligations arising from capital markets activities and transactions over a short-term without there being any gradual bankruptcy or termination of activities by the Investment Compensation Center. Capital Markets Instruments, which are transferred to investment institutions in order to be sold, kept, managed, transferred, used in securities lending or other reasons by the investor as well as cash transferred by the investor in order to buy Capital Markets Instruments or for Capital Markets Instruments already bought, or else cash obtained from the sales of Capital Markets Instruments that belong to the investor as well as non-invested cash sums that are left in the accounts of the investor that are held within the investment institution fall within the scope of protection of the Investment Compensation Center. The losses incurred as a result of the price movements in the markets are not covered by the Investor Compensation Center.
- 12.4.** Pursuant to article 83 of the Capital Markets Law and article 24 of the Investor Compensation Center Regulation, all types of custody and receivables arising from investment services and their activities as well as interest, dividend and other proceeds shall lapse in case it is not requested and collected within ten years starting from the last date of the transaction or a written instruction that the CUSTOMER may have given in any form and under such circumstances the money in question is credited as income to the Investor Compensation Center. Circumstances that stop and suspend the lapse of time are determined by the Capital Markets Board.

### **ARTICLE 13- LEGALLY VALID EVIDENCE**

- 13.1. Without any prejudice to Article 193/2 of the Code of Civil Procedure, the CUSTOMER hereby accepts that the books, microfilm, microfiche, audio tapes, information processing, computer and audio records of HSBC BANK as well as the fax records created via the fax machines of HSBC BANK, and records kept by HSBC BANK regarding capital markets transactions and investment products shall be considered valid evidence in disputes that may arise from this Agreement.
- 13.2. In case HSBC BANK receives orders and/or instructions from the CUSTOMER verbally, via telephone or other channels of communication including the fax, internet, mobile banking, interactive system and similar, the records that are kept by HSBC BANK in regards to such orders and/or instructions shall be considered exclusive evidence provided that they include the consent of the CUSTOMER.

### **ARTICLE 14- RESTRAINT ON ALIENATION**

The CUSTOMER cannot assign and transfer his/her rights and obligations arising from this Agreement to any natural or legal entity either partially or fully without obtaining the written permission of HSBC BANK.

### **ARTICLE 15- NOTICES AND NOTIFICATIONS**

- 15.1. Any and all kinds of notifications, requests and other notices shall be relayed to the relevant party via registered mail at the address registered with HSBC BANK or by courier, in person, electronically or via fax at the registered number of the party with HSBC BANK.
- 15.2. The parties hereby accept and undertake that the addresses indicated in this Agreement are their legal notification addresses and the telephone and fax numbers are current numbers that are in use and valid and to notify the other party of any changes in the subject matter addresses and numbers and unless a change in the addresses and numbers provided herein is informed in writing to the other party the notifications to be made to these addresses and numbers shall be legally valid and bear effect and give rise to results that a legally valid notification would do.

### **ARTICLE 16- SEVERABILITY, INDEMNITY AND FORCE MAJEURE**

- 16.1. If at any time and for whatsoever reason any provision, article or condition of this Agreement, either partially or fully, becomes or is considered to be invalid, illegal or ineffective, this would not affect or mitigate the validity and effectiveness of the other provisions, articles or conditions of the Agreement and as such all other provision, articles and conditions shall remain in effect and continue to be fully valid. Under such circumstances, the parties shall endeavour in good faith to replace the partially or fully invalid, illegal or ineffective provision with one that is new, valid and effective and would have the same legal and economic effects on the parties to the Agreement.
- 16.2. The CUSTOMER hereby accepts and undertakes to indemnify and compensate any losses that HSBC BANK could suffer as a result of a failure on the part of the CUSTOMER or his/her negligence to perform his/her obligations.
- 16.3. HSBC BANK shall not be responsible of a failure on its part to perform its obligations under this Agreement as a result of extraordinary circumstances beyond its control such as natural disasters, war, martial law, civil or military unrest, sabotage, terrorist acts, public intervention. strikes, lock-outs, explosions, fires and similar.

### **ARTICLE 17- CONFIDENTIALITY AND CUSTOMER CONSENT**

HSBC BANK has adopted the below listed fundamental rules in order to protect the confidentiality of all information given by the CUSTOMER. HSBC BANK aims to preserve the well-earned trust that the CUSTOMER places in HSBC BANK, by complying with these fundamental rules.

The CUSTOMER authorises HSBC BANK to take all information and/or documents he/she provides during his/her submission of the applications concerning products/services or their copies, to include these in its records, and to use these as required by its services subject to this Agreement.

The CUSTOMER declares and agrees that he/she has been offered the option to share his/her information given to HSBC BANK with third party service providers, from which HSBC BANK receives services in order to render better services and provide alternative products, and with other relevant parties in order for the services considered complementary to the current banking service to be provided and with other banks apart from the persons and entities legally authorized; provided that a

confidentiality agreement is concluded by and between the competent authorities and HSBC Group (HSBC Holdings plc and its affiliates) pursuant to the legislation to which the abovementioned is subject to and/or international rules in order to ensure the security of the secrets of the CUSTOMER and that he/she knows that his/her information will be shared if he/she accepts this option.

HSBC BANK's objective is to keep the CUSTOMER information updated. In order to ensure this, HSBC BANK may request information to be renewed, or request for further information when it deems required.

A strict security system is implemented to prevent unauthorised access to CUSTOMER information by persons other than the authorised personnel of HSBC BANK. The service providers and authorized personnel that have permission to access customer information are required to comply with the obligation of "Customer Confidentiality" as monitored by HSBC BANK in consideration of the legal requirements.

The CUSTOMER hereby accepts that HSBC BANK sends account statements, information, promotional and marketing documents or advertising material by any means of communication (SMS, e-mail, call center, etc.).

Customer consent regarding this article is subject to the Banking Transactions Agreement signed between HSBC Bank and customer.

#### **ARTICLE 18- GOVERNING LAW AND RESOLVING DISPUTES**

This Agreement is subject to the Laws of the Turkish Republic. For Turkey branches customers, the Courts and Execution Offices of Caglayan, Istanbul, shall be authorised in resolving any disputes that would arise from the implementation or interpretation of this Agreement.

#### **ARTICLE 19- LEGAL PROVISIONS**

The provisions of this Agreement violating the Capital Markets Law shall not be applicable. In cases where a provision for a specific situation is not available in the agreement, the provisions of Capital Markets Law and general provisions shall be applicable.

#### **ARTICLE 20- AMENDMENT AND TERMINATION OF AGREEMENT**

**20.1.** This Agreement shall enter into force on the "Agreement Date" indicated on the agreement and shall remain in force until it is terminated.

**20.2.** In case of an amendment in the provisions of this Agreement, the concerned amendment shall be notified to the other party in writing via post at the address designated for notifications by the CUSTOMER or via SMS or through the e-mail address of the CUSTOMER registered in the systems of HSBC BANK. CUSTOMER shall be deemed to have accepted the subject matter amendments if he/she fails to provide a written objection to the said amendments within a period of 30 (thirty) days after the date he/she receives or is considered to have received the notification as per this Agreement. Furthermore, HSBC BANK and CUSTOMER accept, in advance and without further notice, any amendments to be made in the articles of this Agreement within the framework of the arrangements initiated by the Capital Markets Board and BIST. The rights of the CUSTOMER to terminate this Agreement as indicated under article 20.3 herein are reserved.

Amendments to this Agreement can be made by means of the approval of the CUSTOMER extended via his/her electronic signature or provided electronically through the use of the password assigned by HSBC BANK to the CUSTOMER. The CUSTOMER hereby gives his/her advance approval to HSBC BANK regarding the initiation of any amendments electronically, as stated in this paragraph.

**20.3.** Provided that a written notification is given at least 1 (one) month in advance, the parties are authorized to terminate this Agreement and close all or a part of the accounts opened in the name of the CUSTOMER. Upon requesting the closure of his/her accounts, CUSTOMER will be required to pay to HSBC BANK any and all the receivables owed to it arising and will in the future arise from this Agreement. The CUSTOMER can terminate this Agreement provided that all his/her debts are paid in full. However, the provisions of the Agreement shall continue to be effective and

binding on the Parties for any Over-the-Counter transactions concluded by the Parties before the written notice of termination or date of termination but which are yet to become due until such transactions are performed and settled. If the Agreement is terminated by the CUSTOMER when the term of a transaction is still in effect, the articles 2.3.8, 2.4.13 and 4 of "B-Special Provisions" shall be applicable. Provided that the provisions of this Agreement are reserved, upon closing of the CUSTOMER account any assets currently available in that account will be transferred by HSBC BANK to the account/accounts the customer would designate. The Capital Markets Instruments or other instruments of capital markets available in the closed account shall be maintained by HSBC BANK until they are handed over to the CUSTOMER /transferred to an account of the CUSTOMER with another Investment Institution and any custodian fees regarding the safekeeping of these Capital Markets Instruments shall be met by the CUSTOMER.

**20.4.** In the following circumstances, HSBC BANK, without being limited to the relevant transaction and furthermore by not having the obligation to apply to the CUSTOMER by notice, formal protest or similar avenues, may terminate this Agreement and transactions by giving a written notice. These circumstances consist of; (a) default of the CUSTOMER in the execution of his/her payment obligation arising within the scope of any transactions performed (including transactions that HSBC BANK undertakes with any third party); (b) CUSTOMER's violation of any provisions of this Agreement including but not limited to any of his/her representations and warranties, or causing HSBC BANK to incur losses through a transaction or action that is contrary to any law or is illegal; (c) CUSTOMER failing to meet his/her financial obligations including but not limited to any security the CUSTOMER supplies as collateral within the scope of this Agreement being deficient or defective, or not providing the adequate collateral within the requested conditions and in a timely manner although requests for such have been made by HSBC BANK; (d) the CUSTOMER defaulting in the execution of any of his/her obligations that arise from any other agreement that he/she has executed with HSBC BANK; or (e) the CUSTOMER having applied to bankruptcy, liquidation, composition with creditors or similar legal remedies or such application having been made by third parties.

#### **ARTICLE 21- DEFAULT OF CUSTOMER**

**21.1.** In instances when HSBC BANK and the CUSTOMER do not undertake their obligations which arise from this Agreement or from transactions to be performed within the framework of this Agreement, the defaulting Party shall pay to the other Party a default interest that is in an amount equal to twice of overnight repo interest over the default sum for each day throughout the default period starting as of the default date. HSBC BANK and the CUSTOMER hereby accept and undertake that the defaulting Party shall also pay to the other Party any losses, expenses, or additional fees that such Party may be exposed to due to such default.

**21.2** The CUSTOMER hereby accepts and undertakes that the Capital Markets Instruments he/she has delivered to HSBC for safekeeping and/or in custody at the Custodian as well as cash and other capital markets instruments in the accounts he/she has opened at HSBC BANK with the purpose of undertaking his/her obligations within the scope of this Agreement constitute the pledged collateral of his/her debts and obligations that have or will arise from the services provided within the scope of this Agreement by HSBC BANK. The right of pledge of HSBC BANK on such cash and other assets is established on the subject matter Capital Markets Instruments and/or cash upon such being transferred to the accounts opened at HSBC BANK or to accounts opened at HSBC BANK and/or Custodian with the purpose of undertaking the obligations stipulated within the scope of this Agreement, and continues until the full execution of the CUSTOMER obligations arising from services provided by HSBC BANK in line with the delivery purpose of the CUSTOMER.

#### **ARTICLE 22- HSBC BANK'S RIGHT TO REQUEST A COLLATERAL, PLEDGE, CLEARING AND OFFSET**

**22.1.** The parties hereby agree that real and personal collateral may be requested as an assurance of any indebtedness that has arisen and could arise within the scope of this Agreement and that HSBC BANK may request new collateral when this becomes necessary and deemed suitable. HSBC BANK can have recourse to the collateral established in case any one of the circumstances stated under article 22 of "A-General Provisions" and article 4.1 of "B-Special Provisions" of this Agreement is realised. Within this framework, upon collection of the entire indebtedness of the CUSTOMER to HSBC BANK in full, the collateral established shall be released by HSBC BANK.

CUSTOMER accepts to pledge the balance in his/her deposit accounts (including the principal and interest) in relation to transactions except Fund Deposit, and CUSTOMER accepts to pledge the mutual funds in his/her deposit accounts in relation to Fund Deposit Account transaction as indicated in each Transaction Order and Transaction Execution Form. The transaction subject to the pledge and the amount pledged shall be separately indicated in the Transaction Order and the Transaction Order Form signed by the CUSTOMER. In all alternative currency transactions, a hold is placed on the pledged balance and the CUSTOMER is not allowed to dispose of this sum. The pledge to be obtained in Currency Options and Precious Metal Options is determined on the basis of each transaction and the aforementioned pledge is indicated in the Transaction Order and the Transaction Execution Form. In addition to his/her cash deposits the CUSTOMER may also pledge the items in his/her investment products portfolio such as the mutual fund shares and bonds. Under the circumstances, the pledge is monitored by placing a hold on the account in which the investment products are held. The CUSTOMER hereby acknowledges and undertakes not to dispose of any investment products pledged.

**22.2.** In case the value of any of the securities established and/or to be established in favor of HSBC BANK by the CUSTOMER decrease in value and/or HSBC BANK feels the need for new collateral, the CUSTOMER hereby accepts and guarantees that he/she will immediately compensate such collateral deficit upon the written request of HSBC BANK. Despite this notification by HSBC BANK, if the CUSTOMER does not meet the request of HSBC BANK, HSBC Bank may either call the transaction before its maturity or exercise its clearing offset right on all assets of the CUSTOMER with the Bank without any notice. If HSBC Bank recalls the transaction before its maturity; In this case, HSBC Bank will have the right to clear and offset any assets of the CUSTOMER with the Bank, without any notice, if deemed necessary, in addition to the guarantee given specifically for this transaction, in order to cover the loss.

**22.3.** The CUSTOMER hereby accepts the authority of HSBC BANK to issue all types of transfer orders including the clearing and withholding rights and transfers from overdraft checking account to a credit checking account without any notices, where the personal collateral and/or collateral in kind extended and/or to be extended as per this contract is concerned.

**22.4.** The CUSTOMER authorises HSBC BANK to use the accounts belonging to the CUSTOMER to make any loan repayments. Within this framework, and provided that HSBC BANK notifies the CUSTOMER, if possible prior to but in any case upon executing the transaction, HSBC BANK shall have the right to set off the money in the demand deposit accounts of the CUSTOMER in order to undertake the payments that have not been made on time by the CUSTOMER.

## B - SPECIAL PROVISIONS

### ARTICLE 1 - FUND DEPOSIT ACCOUNT, ACTIVE ACCOUNT, MUTUAL FUNDS AND FIXED INCOME SECURITIES

**1.1 Fund Deposit Account:** Fund Deposit Account is a time deposit account where a specific amount of customer portfolio is invested in one or more of the mutual funds that have particularly been founded by HSBC ASSET MANAGEMENT A.Ş. in a time deposit account for a period of minimum 1 month and maximum 1 year at an interest rate that is higher than the current gross interest rate of HSBC BANK applicable to that specific maturity. It is possible to open more than one Fund Deposit Account as well as opening this type of account at different times within the scope of this Agreement. A transaction order form is issued on the basis of each transaction and all transaction details are included in this order form. Mutual Funds are pledged to HSBC BANK until the maturity of the Fund Deposit Account as per article 22.1 of this Agreement. In order to follow-up the pledge, the Bank pledges the account in which the mutual funds are followed-up on record basis. The CUSTOMER will not be able to redeem mutual funds until the maturity of the account. At the maturity, the pledge on mutual funds is removed and the mutual funds are released to the account of the customer; however, the mutual funds are not redeemed. If for whatsoever reason the parties give up the transaction prior to the maturity date, the transaction related to the time deposit shall be terminated without payment of the accumulated interest. Fund can be purchased separately as well as time deposit account can be opened up separately.

**1.2 Active Account:** Active Account is a demand deposit account where the end of day balance of the account is invested in mutual funds and FX purchase, regular payment orders and payments of HSBC Credit Card, personal loan (excluded

Overdraft), pension plan, automatic bills are realized automatically by redemption of mutual funds into cash. The investment instrument that the CUSTOMER may use in his/her HSBC Active Account with HSBC BANK is the HSBC Asset Management Short Term Fixed Income Fund. With opening of this account, the instruction for the subscription of mutual fund shares is deemed to be given. When making an application for the Active Account, a limit (minimum amount of money) will be determined and kept in the Customer's demand deposit account. The subscription of mutual fund shares on behalf of the CUSTOMER's name and account is made for the amounts in excess of this limit. Any amount below this limit is left in the demand deposit account of the CUSTOMER for daily needs. Active Account starts to operate on the first business day following the instruction date of the CUSTOMER. The mutual funds are redeemed from CUSTOMER's portfolio in an amount equal to the payment amount on behalf of the CUSTOMER for the payment to be made on that date. With the next day price, mutual fund shares are bought with the total remaining account balance above the limit on behalf of the CUSTOMER and the share certificates of mutual funds are maintained by HSBC BANK. In case where the amount in the CUSTOMER's account is less than the payments and there are mutual funds in the CUSTOMER's account; mutual funds are redeemed from CUSTOMER's portfolio in an amount equal to the difference on behalf of the CUSTOMER. For the amounts that are received in the CUSTOMER's account after HSBC BANK's cut off time, HSBC BANK will not carry out automatic mutual fund purchases/sales. The mutual funds that are purchased or sold on behalf of the CUSTOMER are processed in denominations of 1 (one) share or of its multiples. The return on mutual funds is uncertain and it may be negative. HSBC BANK does not make any commitments regarding return of mutual funds. The CUSTOMER will be able to determine only one of their individual accounts and, if any, only one of their joint accounts (with same account holders) as an Active Account. The fund is purchased on the next business day on behalf of the CUSTOMER by the Bank with the amount which came to the Customer's accounts which is above the minimum limit.

**1.3. Mutual Funds:** As per the new Capital Market Law all mutual funds that are a member of Turkish Electronic Fund Distribution Platform (TEFAS "Platform") are traded on TEFAS Platform. The procedures and principles regarding the transactions to be carried out on the TEFAS Platform are determined by Takasbank, and the transaction conditions may differ from the principles applied to funds not traded in the TEFAS Platform. As a result of platform rules, orders placed on the platform may fail to be executed on the day of order until closing time. In such case, you may get information from your branch.

Operational processes and execution time of buying-selling transactions may differ from each other. On holidays when the overseas markets are closed, the operational process can extend and may take more time than as usual. On transaction order date, the subscription amount of the mutual fund is blocked till value date. Current value of mutual funds can be reached via HSBC Retail Banking Internet Banking, Mobile Banking, Telephone Banking and branches. Mutual fund shares are registered and monitored in the account by MKK (Central Securities Depository) personally opened for customer in dematerialized form. Regarding transactions of HSBC Asset Management Money Market Fund and HSBC Asset Management Short Term Fixed Income Fund which are traded on TEFAS platform and other HSBC Mutual Funds, unconstrained funds that are not traded and will be traded on TEFAS platform; for subscription orders the amount of funds; and for the redemption orders the cash amount will be transferred in the afternoon (14:30-17:00) on value date to customer account on value date unless there is a Settlement & Custody Bank (Takasbank) related problem.

Fees and Commissions: Fund is subject to management fee which is determined by fund management and/or founder within scope of limits determined by CMB regulations. Detailed information regarding fund fees and commission can be found in fund's prospectus. Fund management fee is calculated daily over total fund amount with determined management fee ratio. Please refer to fund's prospectus and bylaws in order to access current fee and commission rates. Fund's prospectus and bylaws can be reached via HSBC Bank's branches, <http://www.hsbc.com.tr/tr/yatirim/> and [www.kap.gov.tr](http://www.kap.gov.tr).

HSBC Asset Management Money Market Fund and HSBC Asset Management Short Term Fixed Income Fund are traded on TEFAS platform and Fund transactions can be executed 7/24. The trading of unconstrained funds on the TEFAS platform is not mandatory under the Capital Market Legislation and upon the request of the relevant founder, unconstrained funds may begin trading on the TEFAS platform

In purchases of funds with future value date, HSBC Asset Management Money Market Fund is purchased for income generating purposes, and in a situation where the CUSTOMER cancels his/her order, tax can be accrued due to the "sale of money market funds". Mutual funds are not deposits. They are not under guarantee or insurance or any liability of HSBC BANK or other related institutions. Mutual funds may have various investment risks including capital loss. Nominal value of the securities that are invested in funds may increase as well as decrease and capital losses may occur. The

past performance of mutual funds is not a guarantee for future returns, prices may increase or decrease. Mutual funds investing in foreign currency denominated instruments may be exposed to currency risk including capital loss due to fluctuations in exchange rates. Investors should select the most suitable funds for themselves according to their risk-return preferences. On condition that it is consistent with CUSTOMER's risk profile, General Investment Advice can be provided only for HSBC mutual funds, HSBC Asset Management Money Market Fund and HSBC Asset Management Short Term Fixed Income Fund that traded on Turkey Electronic Fund Distribution Platform (TEFAS Platform) , however investment advice and portfolio management services are not provided. General investment advice is not provided for both unconstrained funds and private funds, too.

Transaction hours of all mutual funds are stated in transaction order forms and basic information document. Besides, updated transaction hours of mutual funds are stated on web site.

**Cancellation:** Mutual fund cancellation transactions can be made through all channels within the framework of the transaction cancellation time rules. Up-to-date information on mutual fund cancellation hours is available in the fund's Basic Information Document and on the website.

**1.4 Fixed Income Securities (Treasury Bills, Government Bonds, Eurobond, LCY Private Sector/Corporate Bonds, FCY Private Sector/Corporate Eurobonds):** The CUSTOMER may have total or partial loss of the invested capital due to the bankruptcy or to the weakening of the financial state of the issuer. As Fixed Income Securities have risk regarding the weakening of the financial state of the issuer, these investments are not guaranteed by HSBC BANK. HSBC BANK acts as intermediary to customers to buy and sell Treasury Bills/Government Bonds/Eurobonds issued by Turkish Treasury. Turkish Treasury is the debtor of such securities and is responsible for payments. For bonds issued by foreign countries and institutions and local private sector institutions, the liability lies with the Treasury and institutions of the country where the relevant bond was issued. HSBC BANK only intermediates in trading. On behalf of our customers Treasury Bill / Government Bond / Eurobond subscription/redemption orders are carried out from HSBC BANK's own portfolio. Outright Purchases and Sales Market which is a secondary market. HSBC BANK is the counter party for Treasury Bill / Government Bond / Eurobond subscription/redemption transactions. In compliance with CMB Regulations, HSBC BANK takes necessary measures by creating the organizational set-up and resolution processes to prevent all means of conflict of interest.

The CUSTOMER may have total or partial loss of the invested capital due to the bankruptcy or to the weakening of the financial state of the local corporate company. As Private Sector/Corporate Eurobonds and Bonds have risks stemming from the financial status of the issuing corporate company, these investment products are not guaranteed by HSBC Bank A.S.

The CUSTOMER may not be able to liquidate all or a part of the product when desired or under unfavorable market conditions. Some securities may not find a price in the market and as such it may not be possible to liquidate them prior to the maturity. The trading of the related product depends on whether a price is quoted for it in the market and the depth of the market for that product. The indicator price or quantities quoted by HSBC BANK depends on the market prices and whether a market is available for an investment product to trade. The quantities that could be traded on the prices determined could be different than the indicator prices and quantities previously quoted when HSBC BANK receives the transaction order. If the related product does not have a quoted price in the market and a depth to its market or if the funds for the purchase of the product could not be provided to HSBC BANK on the transaction date, HSBC BANK would not execute a purchase in the name of the CUSTOMER.

Coupon payments, payments due to resale orders and redemption payments pertaining to the Fixed Income Securities, can be credited into customer's accounts only after the funds are received from the issuer or broker by HSBC BANK. If all or a part of the funds necessary for the purchase transaction are not available in the customer's account, the transaction is cancelled and not executed by the Bank. Any expenses and/or losses that could be realized as a result of the cancellation shall be borne by the CUSTOMER. The CUSTOMER cannot demand any claims as to the interest, rights and receivables from HSBC BANK in regards to the transaction that could not be executed. The trading hours and operating processes could differ among Fixed Income Securities. The operational process could be longer on days the international markets are closed. The CUSTOMER accepts a hold in the amount of the related product's purchase value to be placed on his/her account on the value date. It is the CUSTOMER's responsibility to follow up the account movements and all related information regarding product invested in.

Maximum 1% commission rate could be applied in buy-sale transactions of Fixed Income Securities. Fixed Income Securities are not deposits. They are not under guarantee or insurance or any liability of HSBC BANK or other related institutions. Investment products have various risks including capital loss. The past performance of an investment product is not a guarantee for future returns, prices may increase or decrease. Investment products denominated in foreign currencies may be exposed to currency risk and may have capital loss due to fluctuations in exchange rates. All risk regarding the investment products belong to the CUSTOMER. HSBC BANK is the intermediary for the customer to buy or sell the product and it does not advise or recommend to buy or to sell the product and it does not provide investment consultancy or portfolio management services.

## **ARTICLE 2- ALTERNATIVE CURRENCY (DCD), ALTERNATIVE PRECIOUS METAL, FX OPTION, DIGITAL OPTION, PRECIOUS METAL OPTION, FX SWAP and FX SWAP with DEPOSIT TRANSACTIONS**

**2.1.** The provisions included in this section of the Agreement determine the terms applicable to the “Alternative Currency”, “Alternative Precious Metal” “FX Option”, “Digital Option”, “FX Swap”, “FX Swap with Deposit” and “Precious Metal Option” transactions to be executed between HSBC BANK and the CUSTOMER. Within the scope of the provisions herein, the CUSTOMER can execute more than one alternative currency, alternative Precious Metal, FX option, digital option, Precious Metal option, FX Swap and FX Swap with Deposit transactions at different times. So long as this Agreement is in effect, it shall constitute basis for each Alternative Currency, Alternative Precious Metal, FX Option, Digital Option, Precious Metal Option, FX Swap and FX Swap with Deposit transaction upon which the parties to this Agreement shall agree. The details of each transaction are indicated in the Transaction Order and Transaction Execution Form (“**Order**”) and each such Order constitutes an integral part of this Agreement.

### **2.2. Definitions**

**Alternative Buyer:** Alternative Buyer is the person or entity who buys the right to purchase or sell Precious Metal or any currency in exchange for another currency within a certain period at such price and amount determined in advance by paying an Option Premium. In this Agreement, “HSBC BANK” shall be referred to as the Alternative Buyer.

**Alternative Currency:** Alternative Currency is a combination of deposit and option transactions and “Alternative” term has been used to indicate the option component in the transaction. In the transaction, HSBC BANK is the Alternative Buyer. The CUSTOMER is the Alternative Seller. In an Alternative Currency transaction, HSBC BANK, in return for the Option Premium, is entitled to make the payment of the amount accumulated in the deposit account in one of two different currencies by comparing the contract rate and market rate at maturity.

**Alternative Seller (Obliged party):** It is a person who sells the right to purchase or sell Precious Metal or any currency in exchange for another currency within a certain period at such price and amount determined in advance to the Alternative Buyer against an Option Premium. In this Agreement, the “CUSTOMER” shall be referred to as the Alternative Seller.

**Alternative Precious Metal:** Alternative Precious Metal is an investment product that is a combination of the Precious Metal option, and the time deposit received as a collateral and “Alternative” term has been used to indicate the option component in the transaction. In the transaction, HSBC BANK is the Alternative Buyer. The CUSTOMER is the Alternative Seller. In an Alternative Precious Metal transaction, whether the deposit that has been made by the CUSTOMER will be repaid in Precious Metal or foreign currency on the option maturity date and time, in other words, whether the option right will be used or not, will be dependent on HSBC BANK’s decision.

**Precious Metal Option:** Precious Metal Option is a transaction that entitles the Option Buyer to purchase or sell Precious Metal or any currency in exchange for Precious Metal or another currency within or at the end of a certain period at such price determined at the Transaction Date (Strike Price) and for a certain amount (Transaction Amount), under certain conditions, if any, which have been determined in advance.

**American-type Option:** This option is the kind of option whereby the Option Buyer can exercise the option until the Expiration Date (including Expiration Date). Furthermore, in conditional transactions (trigger level, contact level etc.) it denotes the type of transaction where the condition is valid from the transaction date until the expiration date (including expiration date).

**European-type Option:** In this kind of option, the Option Buyer can exercise the option only on the Expiration Date. Furthermore, in conditional transactions (trigger level, contact level etc.) it denotes the type of transaction where the condition is only valid on the expiration date.

**Digital Options:** They are options transactions that provide cash returns (payout) to the buyer in case certain market conditions are met at the settlement date, instead of performing a foreign exchange purchase/sale transaction. In these options, instead of using a single price, bandwidths can be targeted depending on the market conditions.

**Affiliates:** Real and legal entities who have established a security or surety relationship with the CUSTOMER; any and all CUSTOMER's affiliates, subsidiaries, associated companies, other real and legal entities who are partners of any joint venture and consortium established by the CUSTOMER; any executive shareholders, members of the boards of directors of any of the parties and their personal partnerships and real and legal entity shareholders of the CUSTOMER.

**Base Option:** This type of option is the subject of a Compound Option and is purchased or sold at Compound Option.

**Service of Notice:** If any notice or warning ("Notice") is served pursuant to the provisions hereunder on any business day at or before 16:30 according to local Turkish Time it shall be effective on such business day. If a Notice is served on a day which is not a business day or after 16:30 according to local Turkish time, it shall be deemed to be effective on the next business day.

**Compound Option:** It is the kind of option that entitles the Option Buyer to purchase or sell Base Option within or at the end of a certain period.

**Currency Purchase/Sale Price:** Where Option Buyer/Alternative Buyer holds a Currency Call/Put option and exercises that option, it is the amount which is payable to Option Seller/Alternative Seller by Option Buyer/Alternative Buyer, calculated by multiplying transaction amount by the strike rate on the settlement date.

**Currency Call/Put Option:** Within the framework of a Currency Option transaction, this shows that Option Buyer/Alternative Buyer is entitled to purchase/sell the Transaction Amount from/to Option Seller in consideration of a Currency Purchase/Sale Price.

**FX Option:** FX Option is a transaction that entitles Option Buyer to purchase or sell any currency in exchange for another currency within or at the end of a certain period at such price determined at the Transaction Date (Strike Price) and for a certain amount (Transaction Amount), or obtain a cash consideration under certain conditions, if any, which have been determined in advance.

**Early Termination Date:** The date determined under article 4 of the "B-Special Provisions" section of this Agreement and when the transactions to be constituted hereunder are terminated.

**Business Day:** Means any business day when the commercial Banks in Turkey and the Central Bank of the Republic of Turkey are open for business and the dates which are specified in the relevant transaction order.

**Transaction Effective Date:** The effective date of the Alternative Currency Transaction as per the provisions specified in the transaction order.

**Transaction Date:** The business day on which the Alternative Currency Transaction/FX option transaction is conducted as specified in the transaction order.

**Transaction Amount:** For a FX option transaction, this is the amount in a currency to be used in calculating the Option Premium and Currency Purchase/Sale Price, which determines the amount of option transaction and/or the amount of deposits to be blocked by the Bank. For an Alternative Currency Transaction, this is the amount of Precious Metal or money in a currency to be used in calculating the Option Premium and Currency Purchase/Sale Price, which determines the amount of deposits to be blocked and the sum of the option transaction.

**Expiration Date:** The last business day when the option transaction conducted hereunder and whose conditions are determined in the Transaction Order is applicable and/or the business day when the Alternative Currency Transaction is to be concluded.

**Cash Consideration:** This is a fixed amount determined in advance owed to Option Seller by Option Buyer if certain conditions are fulfilled within or at the end of a certain period.

**Option Buyer (Beneficiary):** This is a real or legal person who is entitled to purchase or sell any currency in exchange for another currency within or at the end of a certain period at such price and amount determined in advance, and to obtain cash consideration under certain conditions, if any, which have been determined in advance by paying an Option Premium.

**Option Expiration Time:** This is the last hour in which Option can be exercised by the Option Buyer on the Expiration Date. Unless otherwise stated in the Transaction Order Form, the Expiration Time is 12:00 London Time for Turkish Lira, 15:00 p.m. Tokyo Time for foreign currencies, 12:00 p.m. London Time for precious metals transactions with Turkish Lira and 09:30 a.m. New York Time for precious metals transactions with foreign currencies.

**Option Exercise Date:** The business day when the option buyer exercises the option in relation to a transaction which is conducted hereunder and whose conditions are determined in the Transaction Order Form.

**Option Premium:** The amount paid by Option Buyer/Alternative Buyer to Option Seller/Alternative Seller in consideration of the option it has bought from Option Seller/Alternative Seller. Option Premium shall be paid on the premium payment date.

**Option Seller (Obligor):** A real or legal person who is entitled to sell the right to purchase or sell any currency in exchange for another currency within or at the end of a certain period at such price and amount determined in advance, and to obtain cash consideration under certain conditions, if any, which have been determined in advance to the Option Buyer against an Option Premium.

**Averaging Period:** Shows the number of business days to be included in the Average Price calculation.

**Average Price:** The average of prices calculated using the Averaging Period, Sampling Frequency and Averaging Method described in the relevant transaction order.

**Averaging Method:** Shows the averaging method used in Average Price calculation.

**Sampling Frequency:** Shows by which intervals the data is received in Average Price calculation.

**Currency:** The foreign currencies (f/x) which the Central Bank of the Republic of Turkey defines as convertible and the Turkish Lira.

**Premium Payment Date:** The date when the Option Premium must be paid.

**Precious Metals:** It refers to gold, silver, palladium and platinum metals.

**Precious Metals' Degree of Purity:** Gold has 0.995 purity. Platinum and Palladium have 0.9995 purity. Silver has 0.999 purity.

**Swap Transaction:** Swap means a transaction whereby the Parties exchange two different currency amounts under mutually agreed conditions on the date when such transaction is carried out and settle the relevant currencies back on the maturity date of the transaction under mutually agreed conditions. Cash flow realizes at the beginning and end of the maturity. Upon customer request, FX Swap or FX Swap with Deposit transaction is executed.

**Swap Transaction Order and Transaction Execution Form:** It means the document or correspondence which is an annex to this Agreement, including the transaction details for each transaction.

**Settlement Date:** The business day when the payments arising from the transaction are made after the option transaction which is conducted hereunder and whose conditions are determined in the Transaction Order Form.

**Contact Level:** This entitles the Option Buyer to obtain additional revenues if such level is reached/not reached (without having to stay at that level) within or at the end of a certain period.

**Trigger Level:** Any such level or levels which are determined in advance which the respective foreign exchange rate should reach/exceed (not reach/not exceed) in order for a currency option to become valid or invalid within or at the end of a certain period.

**Trigger/Contact Validity Dates:** Shows for how long the condition that the foreign exchange rate reaches/exceeds (does not reach/exceed) trigger level/levels or reaches/exceeds (does not reach/exceed) the contact level/levels are to be monitored. **Strike Price:** The conversion rate or parity to be used in calculating Currency Purchase or Sale Price if the option is exercised by Option Buyer/Alternative Buyer at transaction's expiration date or prior to the expiration date.

**Upper Threshold/Lower Threshold:** Shows the upper and lower levels of the interval which has to be kept in order to get entitled to revenue within the period to elapse from the Transaction Date up to the Expiration Date.

**Swap Maturity Date:** It means the date which is specified in the FX Swap Transaction Order and Transaction Execution Form when the settlement transactions will expire.

**1 Ounce of Gold:** In international markets gold is traded in USD per OUNCE. 1 Kg = 31.99 OUNCES

**1 Ounce of Silver:** In international markets silver is traded in USD per OUNCE. 1 Kg = 32.12 OUNCES

**1 Ounce of Platinum:** In international markets platinum is traded in USD per OUNCE. 1 Kg = 31.99 OUNCES

**1 Ounce of Palladium:** In international markets palladium is traded in USD per OUNCE. 1 Kg = 31.99 OUNCES

## 2.3 Alternative Currency/Alternative Precious Metal Business Flow

2.3.1. The CUSTOMER shall keep available in his/her account with the Bank the cash amount of the Alternative Currency/Alternative Precious Metal transaction he/she wants to realise by 15:00 on the Transaction Effective Date, at the latest. The amount deposited by the CUSTOMER shall be assigned as a deposit having the same maturity with that of the transaction, and such deposit shall be blocked by HSBC BANK to be effective until the Expiration Date. The CUSTOMER hereby accepts and acknowledges that the subject matter amount is pledged to HSBC bank within the scope of Article 22.1 of this Agreement.

2.3.2. The CUSTOMER shall notify the Bank of all the necessary information related to the Alternative Currency /Alternative Precious Metal (currencies in which he/she wants to realise the transaction, Transaction Amount,

Expiration Date and Strike Price etc.). HSBC BANK shall notify the pricing based on the conditions set forth by the CUSTOMER.

- 2.3.3. Upon an agreement reached between the parties as to the conditions of the transaction the Alternative Currency/Alternative Precious Metal Transaction Order and Transaction Execution Form is prepared.
- 2.3.4. The Alternative Currency/Alternative Precious Metal Transaction Order and Transaction Execution Form are signed by the CUSTOMER and handed over or faxed to HSBC BANK. The related provisions of the Retail Banking Transactions Agreement shall be applicable to the orders sent in by fax.
- 2.3.5. The alternative right of the Alternative Currency/Alternative Precious Metal Transaction belongs to HSBC BANK on the expiration date. If HSBC BANK does not exercise that right, it is not obliged to present any excuse therefor. HSBC BANK has to exercise the option by the expiration time on the expiration date. If for any reason any dispute/measure, etc. takes place with HSBC BANK or other third persons over the pledged amount which has been blocked in consideration of the transaction, HSBC BANK can withhold the Option Premium.
- 2.3.6. If HSBC BANK does not exercise its alternative right, then without further notice to the CUSTOMER, it shall release the pledge on the CUSTOMER's account at the Settlement Date, and pay the principal, the interest revenue accrued until the settlement date and pay the Option Premium on the premium payment date to the CUSTOMER.
- 2.3.7. If HSBC BANK exercises its alternative right, then without further notice to the CUSTOMER, it shall release the pledge on the CUSTOMER's account at the Settlement Date, and using this amount (deposit principal and/or interest revenue accrued until the Settlement Date and Option Premium), it shall purchase/sell currency/ Precious Metal and post the Currency/ Precious Metal Sale/Purchase Price to the CUSTOMER's Demand Deposit Account.
- 2.3.8. If the CUSTOMER waives the Alternative Currency/Alternative Precious Metal transaction prior to expiration date for any reason, then taking into account the then-prevailing market conditions, an Option Premium is calculated by HSBC BANK and it is collected from the CUSTOMER's relevant account, the deposit related to the Alternative Currency/Alternative Precious Metal transaction is closed without paying any interest, and the Alternative Currency/Alternative Precious Metal Transaction is concluded.

#### **2.4. FX Option/Digital Option/ Precious Metal Option Business Flow:**

- 2.4.1 Option Buyer shall deposit Option Premium to an account to be designated by Option Seller at the Premium Payment Date in consideration of the FX Option/Digital Option/ Precious Metal Option he/she wants to execute.
- 2.4.2 If HSBC BANK is the Option Buyer, then a security may be requested from the CUSTOMER. If the security is cash, the CUSTOMER binds the money in the sum to be determined by HSBC BANK at HSBC BANK with maturity that is the same as the transaction maturity as TL Time Deposit and/or Foreign Exchange Deposit Account and this sum (and/or real estate etc. deposited as collateral) that against FX Option/Digital Option/ Precious Metal Option Transaction stipulated in the Transaction Order and Transaction Execution Form, and again to be valid until the Transaction Maturity; the aforesaid shall be pledged to HSBC BANK within the scope of article 22.1 of this agreement until the Transaction Maturity Date.
- 2.4.3 The CUSTOMER shall notify HSBC BANK of all the necessary information related to the Option (currencies in which he/she wants to realise the transaction, Transaction Amount, Expiration Date and Strike Price etc.). HSBC BANK shall notify the pricing based on the conditions set forth by the CUSTOMER.
- 2.4.4 Upon the agreement reached between the parties as to the conditions of the transaction the FX Option/Digital Option/ Precious Metal Option Transaction Order and Transaction Execution Form and/or other documents, if any, are prepared.
- 2.4.5 The FX Option/Digital Option/ Precious Metal Option Transaction Order and Transaction Execution Form and other necessary contract, orders and documents are signed by the CUSTOMER and handed over or faxed or scanned and sent as e-mail to the Bank. The related provisions of the Retail Banking Transactions Agreement shall be applicable to the orders sent in by fax and e-mail.
- 2.4.6 The right of option is vested in Option Buyer. If Option Buyer exercises or fails to exercise that right, he/she is not obliged to present any excuse therefor.

- 2.4.7** If Option Buyer wants to exercise the FX Option/Digital Option/ Precious Metal Option, he/she shall notify Option Seller that he/she wants to exercise that FX Option/Digital Option/ Precious Metal Option by Fax and/or Phone and/or personally until the Transaction Expiration Time on the Expiration Date. If Option Buyer holds a FX/ Precious Metal Call Option, he/she shall purchase Transaction Amount from Option Seller in exchange for the Currency/ Precious Metal Purchase Price. If Option Buyer holds a FX/ Precious Metal Put Option, he/she shall pay Transaction Amount to Option Seller in exchange for the Currency/ Precious Metal Sale Price. Option Seller undertakes to perform his/her obligations pertaining to the subject matter transaction.
- 2.4.8** If Option Buyer fails to notify Option Seller of his/her desire to exercise the FX Option/Digital Option/ Precious Metal Option by the Expiration Time on the Expiration Date, the relevant transaction shall expire, and, if any, the pledge on respective security(ies) related to the transaction shall be released.
- 2.4.9** Payments relating to the option transaction realized shall be made by the parties at the settlement date.
- 2.4.10** If the transaction is determined as an American-type option, the party buying the Option can exercise his/her FX/ Precious Metal Call or FX/ Precious Metal Put Option on any business day from the Transaction Date up to the Expiration Date between 10:00 – 17:00 pm according to Turkish Time. The exercise of rights on the expiration date of the transaction is carried as per the provisions of this article.
- 2.4.11** If the transaction is determined to be a European-type option, the party buying the Option can only exercise his/her FX/ Precious Metal Call or Put Option on the expiration date.
- 2.4.12** HSBC BANK is unilaterally obliged to perform the calculation relating to reaching/exceeding/keeping (not reaching/not exceeding/not keeping) the trigger level, lower threshold/upper threshold or contact levels for the transactions and if necessary to present the evidences of such calculation.
- 2.4.13** If the Option Seller is HSBC BANK then it would not be possible to renege on the currency option transaction. If the Option Seller is the CUSTOMER and wishes to cancel the transaction, this could be accomplished by the CUSTOMER paying HSBC BANK the sum covering the losses and expenses that HSBC BANK would incur upon cancellation of the transaction and calculated in good faith on the basis of the prevailing market conditions.

## 2.6 Swap Transaction Flow

Swap means a transaction whereby the Parties exchange two different currency amounts under mutually agreed conditions on the date when such transaction is carried out and settle the relevant currencies back on the maturity date of the transaction under mutually agreed conditions. Cash flow realizes at the beginning and end of the maturity.

### 2.6.1 FX Swap with Deposit Transaction Flow

- (i)** The customer shall notify the Bank of all the required information regarding the FX Swap with Deposit (transaction currency, transaction amount, transaction maturity etc.).
- (ii)** The Bank shall notify the pricing based on the conditions set forth by the Customer.
- (iii)** Upon the mutual agreement of the parties on the transaction conditions, a “FX Swap with Deposit Transaction Order and Transaction Execution Form” shall be prepared.
- (iv)** The “FX Swap with Deposit Transaction Order and Transaction Execution Form” shall be signed and delivered by the customer to the Bank. Customer consent is taken with respect to the details of the transaction via recorded phone lines. The respective provisions shall apply to the orders sent either by fax or through email by scan.
- (v)** The customer shall make the currency amounting to the transaction sum of FX Swap with deposit to be realized available in his/her account at the Bank until 15:00 p.m. at the latest on the day of transaction.
- (vi)** The amount deposited by the Customer is converted to the currency which has already been agreed on the transaction day.
- (vii)** The amount deposited by the Customer shall be assigned as a deposit having the same maturity with that of the transaction, and such deposit shall be blocked by the Bank to be effective until the maturity date. In FX swap with deposit transaction, a deposit amount corresponding to the transaction amount shall be pledged. Such amount is pledged to the Bank against the transaction pursuant to the provisions of “Pledge Agreement” hereunder this Agreement (Section A, item 22 and Section B, item 4)

- (viii)** The balance exchanged to foreign currency shall be pasted as time deposit until the maturity date of Swap. A forward transaction with same maturity shall be carried out in such a way to change the net interest yield (net balance after tax deduction) to be earned by the customer. Forward is a transaction by which the settlement is done at further date over the currency or exchange rate agreed by parties. The customer commits to sell the amount at a currency rate at the maturity. The customer acknowledges selling the amount at forward rate concluded before even the spot rate is less or more.
- (ix)** The principal amount utilized as time deposit shall be exchanged at pre-agreed forward rate at maturity and gross amount is credited to customer's account. The interest gained from time deposit shall also be exchanged at pre-agreed forward rate at maturity and gross amount is credited to customer's account. Net amount after withholding tax is released for customer usage.

## 2.6.2 FX Swap Transaction Flow

- (i)** Swap means a transaction whereby the Parties exchange two different currency amounts under mutually agreed conditions on the date when such transaction is carried out and settle the relevant currencies back on the maturity date of the transaction under mutually agreed conditions. Cash flow realizes at the beginning and end of the maturity. **(ii)** The customer shall notify the Bank of all the required information regarding the FX Swap (transaction currency, transaction amount, transaction maturity etc.).
- (iii)** The Bank shall notify the pricing based on the conditions set forth by the Customer.
- (iv)** Upon the mutual agreement of the parties on the transaction conditions, a "FX Swap Transaction Order and Transaction Execution Form" shall be prepared.
- (v)** The "FX Swap Transaction Order and Transaction Execution Form" shall be signed and delivered by the customer to the Bank. Customer consent is taken with respect to the details of the transaction via recorded phone lines. The respective provisions shall apply to the orders sent either by fax or through email by scan.
- (vi)** The customer shall make the currency amounting to the transaction sum of FX Swap to be realized available in his/her account at the Bank until 15:00 p.m. at the latest on the day of transaction.
- (vii)** The amount deposited by the Customer is converted to the currency which has already been agreed on the transaction day.
- (viii)** The amount required as a limit shall be blocked by the Bank to be effective until the maturity date. Such amount is pledged to the Bank against the transaction pursuant to the provisions of "Pledge Agreement" hereunder this Agreement (Section A, item 22 and Section B, item 4)
- (ix)** The principal amount shall be exchanged at pre-agreed forward rate at maturity and gross amount is credited to customer's account. The account is blocked until the tax is deducted from the gross amount and only net amount is released.

## ARTICLE 3- FORWARD FX/ PRECIOUS METAL PURCHASE and SALE TRANSACTIONS

**3.1.** The provisions stipulated in this section of the Agreement determine the terms of the Forward FX/ Precious Metal purchase and sale transactions to be executed between HSBC BANK and CUSTOMER. More than one Forward FX/ Precious Metal purchase and/or sale transaction can be executed within the scope of this Agreement and so long as the Agreement remains in force, the provisions hereunder shall be applicable to any Forward FX/ Precious Metal Purchase and Sale transaction to be agreed between the parties. The details of each transaction are indicated in the Transaction Order and Transaction Execution Form ("**Order**") and each such Order constitutes an integral part of this Agreement.

**3.2** Forward FX/ Precious Metal transaction(s) shall be conducted in accordance with the provisions of the Decree No.32 on Protection of the Value of Turkish Currency, other decrees to be made in this respect as well as the relevant Communiqués, circulars and instructions published by the Central Bank of the Republic of Turkey.

**3.3.** The Parties agree in advance to comply with any obligation stipulated under the legislation and imposed on them in order to ensure that the Forward FX/ Precious Metal transaction takes place on the expiration date agreed upon.

**3.4.** The CUSTOMER shall keep available in his/her account with HSBC BANK or deposit to an account to be notified by HSBC BANK the amount payable to HSBC BANK under the Forward FX/ Precious Metal transaction being conducted until 14:00 on the expiration date in readily available funds. HSBC BANK shall keep available in the Customer's account or deposit

to an account to be notified by the CUSTOMER the amount payable by the Bank to the CUSTOMER under the Forward FX/ Precious Metal transaction being conducted in readily available funds.

**3.5.** HSBC BANK may require the CUSTOMER to present security, whether in cash or in kind, any time during the execution of this Agreement as security for existing/future transactions, including also those Foreign Exchange/ Precious Metal transactions which have been agreed upon but have not become due yet.

**3.6.** If on the expiration date and subject to HSBC BANK's acceptance, the CUSTOMER desires to conduct the transaction in a convertible currency other than that specified in its written demand and confirmation statement, the parity shown on Reuters screen at 11:00 am on the expiration date shall apply. The bank and insurance transaction tax of the arbitrage transaction to be conducted and any other taxes, duties, fees, funds and similar legal costs shall be borne by the CUSTOMER.

**3.7.** HSBC BANK shall not require the CUSTOMER to pay any commission or cost for the Forward FX/ Precious Metal transaction. However, all the taxes, duties and fees, funds and similar legal costs which arise from the transactions to be performed shall rest with the CUSTOMER. In addition, HSBC BANK reserves the right to charge commission/cost if a separate banking service other than a Forward FX/ Precious Metal transaction is involved.

#### **ARTICLE 4- Option, SWAP and Forward Limit and Default:**

**4.1.** The BANK can appoint a limit to the CUSTOMER for execution of FX/Digital/ Precious Metal Option, FX Swap, Forward FX/ Precious Metal transactions. The CUSTOMER can perform option transactions within this limit, beyond the cash blockage, in return for the security that could be requested by the Bank.

**4.2.** If the CUSTOMER fails to have the necessary funds available in his/her account on the transaction expiry date, he/she will be considered to be at default. Legal default interest is accrued for each day of delay when the CUSTOMER is in default.

#### **ARTICLE 5- TERMINATION OF AND DEFAULT IN OVER-THE-COUNTER DERIVATIVE PRODUCTS**

**5.1.** The arrangements made under this Article pertain to the Over-the-Counter Derivative Products offered by HSBC BANK. Within this scope, in the presence of the circumstances indicated below, HSBC BANK (being the "party Compliant with the Agreement"), without being limited to the respective transaction and also without any obligation to issue in advance a notification, notice or similar instrument to the CUSTOMER, can immediately terminate the agreement and respective transactions (as such each transaction shall be considered a "**Concluded Transaction**") upon a written notice to the CUSTOMER. These circumstances are as follows:

**5.1.1.** Default on the part of the CUSTOMER in performing his/her payment obligation that arises within the scope of any transaction concerned (including the transactions executed with third parties other than HSBC BANK),

**5.1.2.** The CUSTOMER breaches any of the provisions under this Agreement including but not limited to the declarations and guarantees or causes damage to HSBC BANK with an illegal transaction or action,

**5.1.3.** The CUSTOMER's default under any security he/she has provided under the Agreement including but not limited to deficient or defective securities or fails to provide adequate security in a timely manner and as having the desired conditions despite the request by HSBC BANK,

**5.1.4.** The CUSTOMER's default in performing one or more than one of his/her obligations arising from another agreement concluded by and between the CUSTOMER and HSBC BANK,

**5.1.5.** If the CUSTOMER or any Security Provider (including the guarantor(s)) ("**Security Provider**"; means the natural or legal entity that provides and/or delivers to HSBC BANK any amount of security mutually agreed between the parties, in the name and on behalf of the CUSTOMER when this becomes necessary for any and all the transactions between HSBC BANK and CUSTOMER, including but not limited to sureties and guarantees) (i) fails to act in compliance with or perform any obligation or agreement that the CUSTOMER is obliged to perform as per the provisions of any guarantee agreement executed with HSBC BANK as per this Agreement, and moreover fails to remedy any such breach within a period of 1 business day following the date a notice is served to the CUSTOMER by HSBC BANK regarding the subject or (ii) terminates, without written approval of HSBC BANK, the guarantee agreement executed as per this Agreement between the CUSTOMER or any one of the Security Providers and HSBC BANK without the performance of all the obligations arising from this Agreement; then the CUSTOMER or Security Provider is considered to be at default as per article 4.1 of "B-Special Provisions" section of this present Agreement.

**5.1.6.** If it is understood that any statement of the CUSTOMER is untrue or misleading, the CUSTOMER shall be considered to be in default pursuant to article 4.1. Section "B-Special Provisions" of this Agreement.

**5.2.** In case the CUSTOMER is deemed to be in default in accordance with the B-Special Provisions / 5.1 article of this Agreement; For each delayed day, if there is an internationally accepted reference it is paid with interest rate for the relevant currency, if there's not an internationally accepted reference interest rate, CUSTOMER agrees to pay the delay penalty with the rate of fifty percent more than the current interest rate applied by HSBC BANK on short-term loans on the maturity date to HSBC BANK together with its legal expenses.

**5.3** In case HSBC BANK defaults in meeting its payment obligations regarding any transaction executed within the scope of this Agreement or fails to perform its other obligations and does not remedy such breach within a period of 3 business days, the CUSTOMER (being the "**party Compliant with the agreement**"), may immediately terminate the Agreement and respective transactions (as such each transaction shall be considered a "**Concluded Transaction**") upon a written notice served to HSBC BANK following the lapse of 1 business day, at the earliest, after failure to remedy the breach. The termination date shall be considered as the Early Termination Date.

#### **5.4. Calculation of the Loss Pertaining to Early Termination**

If any one of the circumstances indicated under articles 5.1 and 5.2 herein occurs, the party that is not in breach will be entitled to terminate all the transactions regardless of whether it is the end of their term or not (each one being a "**Concluded Transaction**") by providing a written notice of at least three business days in advance (the subject matter date shall be considered the "**Early Termination Date**"); however, the decision to terminate the outstanding transactions is solely at the discretion of the respective parties.

Upon determination of the Early Termination Date, a payment or delivery pertaining to the concluded transactions shall not be made and any outstanding sums including those that were overdue prior to the Early Termination Date as well as any amount that has not yet been paid on that date together with any added and/or offset sums shall become due ("**Additional Amounts**") and payable together with amount payable on termination (as defined below) within 3 business days following the determination of the Amount Payable on Termination.

On the Early Termination Date or as soon as possible following the Early Termination Date, the Party that is not in breach of the Agreement ("**Determining Party**") shall determine the "Amount payable on Termination" which would exclude any additional sums. The Determining Party shall act in good faith in determining the Amount Payable on Termination that would include the losses and expenses incurred by the Party Not in Breach of the agreement in regards to its Concluded Transaction/Transactions to be expressed as a positive number (or the gain to be expressed as a negative number) as well as any losses and expenses due to the loss of business opportunities, funding costs or provided that there are no double payments, any losses and expenses due to the initiation of termination, liquidation, financial hedging or renewal of these or taking a position in connection (or any gains due to any one of the foregoing), as applicable. Additional sums are not included in the Amount Payable on Termination.

In determining the amount payable on termination, the Determining Party shall be entitled to make the relevant determination by calculating the difference between the agreement price and the best price favoring the Determining Party on the expiration date as reported on Reuters and Bloomberg pages, over the quantity subject to the Transaction Order.

The provisions of this Agreement shall enter into force and remain in effect starting from the time the subject matter service and/or transaction is requested from HSBC BANK, provided that the respective service and/or transaction is provided to the CUSTOMER by HSBC BANK. The existence of relevant provisions in this Agreement in spite of the fact that they might not be applied, must not be considered as a definitive undertaking of HSBC BANK to provide the subject matter service and/or transaction to the CUSTOMER.

In regards to the entire provisions of this present Capital Markets Transactions and Investment Products Framework Agreement, a mutual agreement has been reached with HSBC BANK and I have read and understood the provisions in their entirety, and based on my free will, I hereby express my full acceptance of these terms and agree to execute this Agreement with HSBC BANK as my counterpart. I have received a complete copy of this Agreement, including all its provisions and annexes.

**HSBC Bank A.Ş. Customer Relations Unit:**

You can inform us of your recommendations and complaints as well as whether your experience has been a satisfactory one or not through the "Contact Us" menu available at [www.hsbc.com.tr](http://www.hsbc.com.tr) or via HSBC Bank A.S. Telephone Banking by dialing 0850 211 0 114.

The customer may apply to the arbitration committee for consumer problems in the county seat within the monetary limits set out in the legislation or to the consumer court for the disputes arising from this Agreement, concerned with the Consumer Protection Law and applicable legislation. In addition, the Customer may apply to the Arbitration Committee for Customer Complaints under The Banks Association of Turkey upon rejection of his/her initial application to the Bank for the issues related to the relevant legislation.

Address: Esentepe Mah. Büyükdere Cad. No:128 34394 Şişli İSTANBUL Tel:  
0850 211 0 114 Fax: 0212 267 47 94

**CUSTOMER:**

Agreement Date : ..... / ..... / 20 .....

Customer Name & Surname: .....

Signature:.....

**HSBC BANK A.Ş**

Sema Çetinkaya  
Wealth and Personal Banking  
Head of Product



Murat Yılmaz  
Wealth and Personal Banking  
Head of Sales Distribution

## C – ANNEXES TO THE AGREEMENT

### ANNEX: 1 NOTIFICATION ON CUSTOMER CLASSIFICATION

#### I. Provisions of Related Legislation

The classification of customers shall be executed as per articles 29-32 of the Communiqué of Investment Institutions issued by the Board. The arrangements made in the subject matter communiqué in regards to the classification are as follows:

##### 1. Customer Classification

- a) The Investment Institutions must classify all its customers as professional or general customers according to the principles specified in the Communiqué on Investment Institutions, and provide services in compliance with such classification, and fulfil its obligations pursuant to the classification of customers.
- b) In classifying their customers, the Investment Institutions must inform their customers of their classification as per the communiqué and their rights to change their classification as per the provisions of the relevant legislation.
- c) The Customer is obliged to inform the Investment Institution of any circumstance that could affect the classification he/she is subject to, and on the other hand, the Investment Institution, upon learning the circumstances affecting the classification of the Customer, is obliged to carry out the necessary action to perform the obligations prescribed in the legislation. Within the framework of the foregoing principles, the Customer shall be responsible for the accuracy and updating (when necessary) of the information provided.
- d) Investment Institutions are obliged to request the documents to support the classification of the customer as a professional customer and to maintain the same for a period designated in line with the arrangements of the Board regarding documents and records.

##### 2. Professional Customer and General Customer

- a) "Professional Customer" refers to the customer that can take his/her own investment decisions being in possession of the experience, knowledge and expertise to assess the risks he/she will be undertaking. For a customer to be considered professional it must be one of the entities listed below or in possession of the qualifications indicated:
  - i. Intermediary firms, banks, portfolio management companies, collective investment agencies, pension funds, mutual funds, insurance companies, mortgage financing institutions, asset management companies and entities equivalent to the foregoing but domiciled overseas.
  - ii. Retirement and provident funds that have been established pursuant to provisional article 20 of Social Insurance Law dated 17/07/1964 No. 506.
  - iii. Public entities and institutions, Central Bank of Turkey, and international enterprises such as the World Bank and International Monetary Fund.
  - iv. Other institutions that are considered to be similar in nature to the entities listed above by the Board.
  - v. Entities that qualify for at least two of the following requirements; assets total of TL 50,000,000, annual net earnings of TL 90,000,000 and equity capital in excess of TL 5,000,000.
  - vi. Customers considered to be professional based on the request defined in article 32.
- b) Prior to offering any services or providing operations the Investment Institution must inform its professional customers in writing as to the provisions of legislation that would not be able to benefit.
- c) When the Customer does not want to be considered a professional customer and informs the investment institution of its request in writing, the Investment Institution will be obliged to take this request into consideration.
- d) Customers who do not fall within the scope of professional customer definition are considered "general customers".

##### 3. Customers that will be considered as professional customers based on demand

- a) General Customers in possession of the following qualifications can benefit from the services offered by the investment institution as professional customers upon making a written request and proving that they are in possession of at least 2 of the following requirements. For a customer to be considered a professional customer he/she must at least meet two of the following terms:
  - i. Must have realised at least 10 capital markets transactions in a volume of at least TL 500,000 in each 3-month period within the last 1 year within the capital markets,
  - ii. Total Financial Assets in excess of TL 1,000,000 including the cash deposits and capital markets instruments in possession,

- iii. To have occupied a senior executive level position in the field of finance for at least a period of 2 years, or worked as a specialist in the capital markets for a period of 5 years or in possession licence in Capital Markets Advanced Level or Derivative Instruments.
- b) The amounts indicated herein can be changed by the Board if deemed necessary.
- c) Within the scope of the qualified investor definition included in the relevant arrangements of the Board, in determining the request based professional customers, the ones that meet only the terms of sub-paragraph (b) paragraph one of this article are considered qualified investors.

#### 4. Provisions of the Legislation that Professional Customers Cannot Benefit from

- a) *Provided that a written approval is obtained it would not be necessary to receive reconciliation of assets in custody.*  
According to article 68 paragraph one of the Investment Services Communiqué, titled, "Reconciliation between the Customer and Investment Institution", customers who are offered custody services and the internal controls unit or personnel of the custodian firm must reconcile in regards to the capital markets instruments and cash belonging to the Customer at least once every calendar year in writing or electronically. Pursuant to the second paragraph of the same article, it would not be necessary to conduct the reconciliation process if the written approval of the professional customer is obtained.
- b) *Provided that a contract is executed it would not be mandatory to make a monthly notification for the balance of the assets maintained in custody accounts.*  
According to article 69 paragraph one of the Investment Services Communiqué titled "Notification pertaining to Customer Assets", it is necessary to issue a notification at least once a month in regards to the capital markets instruments and cash belonging to the Customer within the framework of the principles included in the document and record arrangements of the Board; however, it is possible to sign an agreement with the professional customer for not making a monthly notification or mention the same in the framework agreement.
- c) *It is not mandatory to conduct a Suitability Test:*  
Although the investment institutions are required to apply suitability test to general customers within the scope of their broker trades and public offerings activities, they are not required to apply a test for the professional customers. In connection with this, professional customers are required to decide whether the products and services offered by the investment institution are suitable for their own requirements.
- d) *Additional risk declarations other than the General Risk Notification Form are made:*  
Within the scope of the intermediary trading services provided, in addition to the general risk reporting, the Investment Institution will be required to explain to the customers the risks associated with capital markets instruments subject to the transaction and obtain their written declarations as to reading and understanding the text. Although there is no such obligation where the professional customers are concerned, they will still be entitled to request that these explanations are also made to them. However, HSBC BANK requests from its professional Customers to sign the Basic Information Document and Prior Information Form/eliminary information form that summarise the risks of relevant products prior to performing capital markets transactions.

#### CUSTOMER'S Declaration

CUSTOMER; hereby accepts and acknowledges that HSBC BANK has informed as to the principles and procedures as well as the related provisions of legislation pertaining to the customer classification prior to carrying out capital markets transactions within the scope of this Agreement; accepts to be responsible for the accuracy and when necessary updating of the information and documents provided in relation to the classification; accepts that the products and services are provided pursuant to his/her requests within the scope of the agreement and has been warned by HSBC BANK that he/she will not be provided any recommendations and suggestions regarding the subject; it would be at HSBC BANK's discretion to decide whether the products determined to be unsuitable for him/her as a result of the Risk Profiling Questionnaire and Suitability Test can be made available upon his/her request and if they are decided to be offered then he/she would be solely responsible of the consequences and risks associated with these products.

Customer Name & Surname: ..... Signature:.....

**ANNEX: 2****CUSTOMER'S DECLARATION**

As per the framework set by the Communiqué on Anti-Money Laundering and Preventing Financing of Terrorism, I/we hereby accept and declare for the accounts domiciled by HSBC Bank A.Ş. I/we do not and will not make any transaction(s) on behalf of other person(s)/third party(ies), the account activity(ies) on this/(these) account(s) are performed for me/us and all of the value/(s) (Cash / Non-Cash etc.) held in such account/(s) are owned by me/us.

In condition of a transaction on behalf of other person(s) or third party(ies), I/we accept declare and undertake that I/we will be informing the Bank immediately and provide any document(s)/information/record(s) on such transactions for those/associated real person(s) and entity(ies) upon Bank's request.

I/we hereby accept and declare that I/we have read and understood the above mentioned information of our own free will, provided the right of claim and right of litigation will be executed by the Bank for the cases that I/we are responsible for incurring any direct/indirect loss(es) to Bank due to negligence of the above mentioned conditions.

I/we accept that I/we read this section, received a sample of it as a part of the Agreement and it is an integral part of the this Capital Markets Transactions and Investment Products Framework Agreement that we signed with the Bank.

Customer Name & Surname: ..... Signature:.....